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In the Supreme Court of the United States

OCTOBER TERM, 1943.

No. 469

OIL CITY REFINERS, INC.,

Petitioner,

vs.

SOCONY-VACUUM OIL COMPANY, INCORPORATED,

Respondent.

PETITION FOR WRIT OF CERTIORARI
To the United States Circuit Court of Appeals
for the Sixth Circuit,
MOTION IN RE RECORD,
and
BRIEF OF PETITIONER
In Support of Petition.

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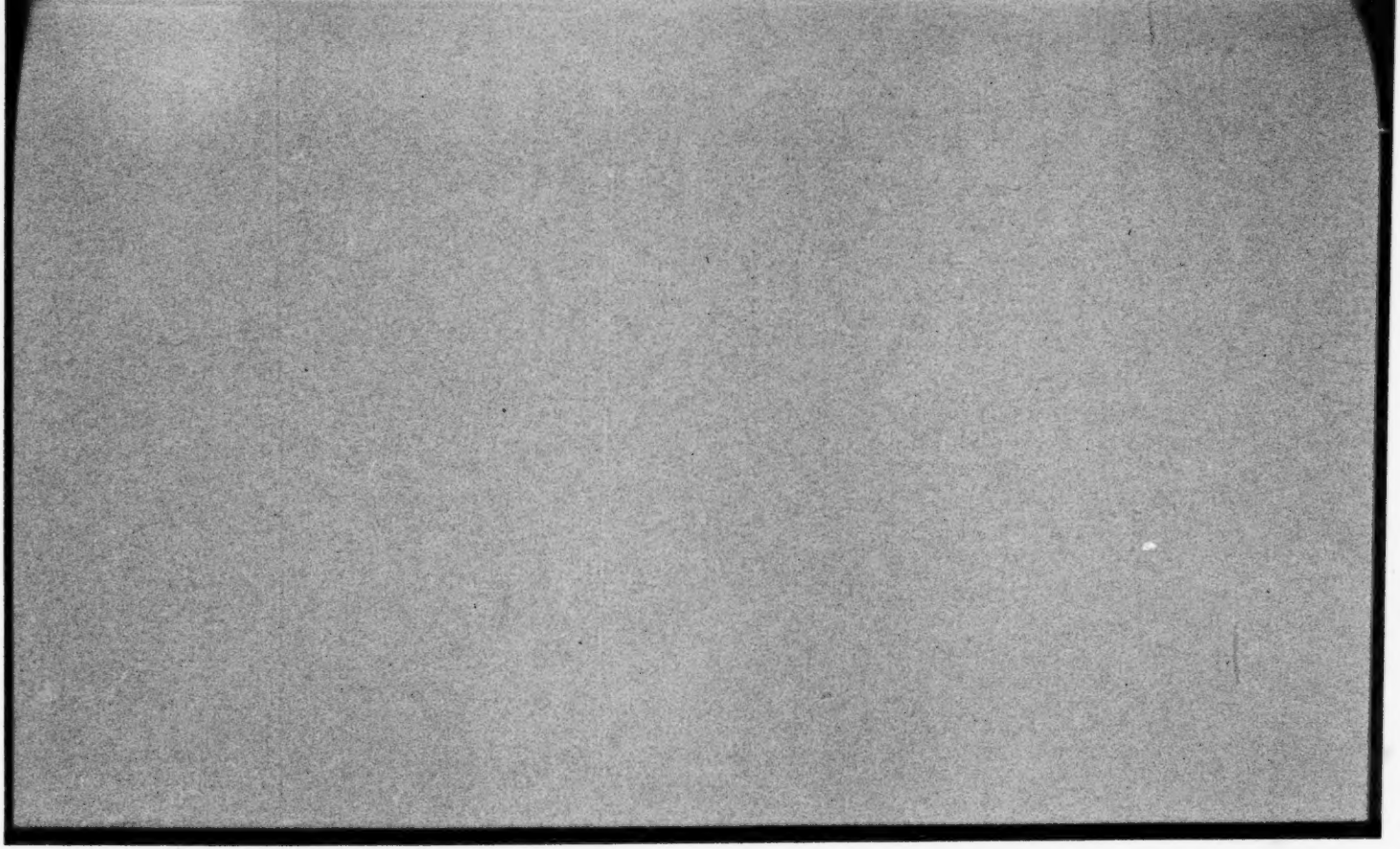

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Respondent.

PETITION FOR WRIT OF CERTIORARI
To the United States Circuit Court of Appeals for the Sixth Circuit.

To the Honorable the Chief Justice and the Associate Justices of the Supreme Court of the United States:

The petition of the Oil City Refiners, Inc., a corporation organized and existing under the laws of the State of Ohio, respectfully prays issue of a Writ of Certiorari to review the opinion of the Circuit Court of Appeals for the Sixth Circuit in Case Number 9336 in that court, wherein, the petitioner was appellant and had been defendant in the District Court. Respondent was appellee in Case Number 9336 in the Circuit Court of Appeals and was plaintiff in the District Court. Respondent herein is a corporation organized and existing under the laws of the State of New York.

Respondent filed a cross-appeal from the decision of the District Court, and the cross appeal was designated Case Number 9335 in the Circuit Court of Appeals. This petition, however, is directed only to that portion of the decision by the Circuit Court of Appeals which pertains to petitioner's appeal in case 9336.

SUBJECT MATTER.

This is a case involving the use of the fanciful design of a flying horse for a trade-mark as applied to the sale of petroleum products in the State of Ohio.

On March 15, 1940 respondent filed in the District Court for Northern District of Ohio, Eastern Division, an action against petitioner for infringement of a trade-mark registered under the Act of February 20, 1905, and invoked the jurisdiction of the court on the ground of the registration, and also on the ground of diversity of citizenship coupled with the requisite amount for conferring federal jurisdiction.

The complaint showed that certificate of registration was issued to respondent on August 15, 1911, as No. 83100, on the symbol of a flying horse without regard to color thereof as a trade-mark, that a certificate of renewal of said registration was issued on July 28, 1931, and that a second registration of a similar mark was issued to respondent on October 6, 1931, as No. 287746.

The first registration claimed use of the mark for naphtha and gasoline in Class 15, oils and greases, whereas the second registration claimed the mark for petroleum and products of petroleum with or without admixture of other materials, for illuminating, heating, power, burning, lubricating, greasing, tempering, quenching, slushing and flushing. At the time of issuance of each certificate of registration, respondent's name was—"Standard Oil Company of New York."

The Complaint, as amended, averred that respondent had, since on or about October 22, 1932, continuously used the symbol of a flying horse, red in color, and of lithe appearance, throughout Pennsylvania and Ohio, and avers that during the year 1937 petitioner adopted the symbol of a flying horse red in color and of lithe appearance substantially indistinguishable from respondent's flying red horse, and that such act of the petitioner constituted unfair com-

petition with respondent and an infringement of respondent's trade-mark.

Petitioner in its answer, as amended, denied Jurisdiction of the Court insofar as it was based on trade-mark registration, but admitted jurisdiction on the ground of diversity of citizenship and the amount in controversy. Petitioner admitted the sale of petroleum products under the symbol of a flying horse in the State of Ohio, but denied the sale of such products under that mark outside the State of Ohio. The answer admitted also that respondent had sold petroleum products throughout the State of Ohio under the flying red horse trade-mark, but denied that respondents use started as early as October 22, 1932. The answer further admitted that confusion in the trade had resulted from the concurrent use of the flying horse as a trade-mark by petitioner and respondent.

Petitioner filed a Counter-Claim with its answer and averred that long prior to October 22, 1932 it had been engaged in the sale of petroleum products in the State of Ohio and that it had adopted and used as its trade-mark the symbol of a flying horse; that it had spent large sums of money in advertising its product under that mark, so that the mark had become known as one designating goods which had their origin in petitioner.

The Counter-Claim further averred that petitioner had used the symbol of the flying horse as a trade-mark prior to the use thereof by respondent in the State of Ohio, and had used it in various colors, including the color red, and that by such use petitioner had acquired a common law right to the exclusive use of the flying horse as a trade-mark for oils and petroleum products in the State of Ohio, and that it was the rightful owner of the trade-mark for the State of Ohio.

The Counter-Claim additionally showed that petitioner had registered the symbol of the flying horse as its trade-mark with the Secretary of the State of Ohio, pursuant to

the provisions of the General Code of Laws of the State of Ohio Section 6240 (1 to 4 inclusive), and had claimed the use of the symbol of a flying horse in connection with the sale of oils and petroleum products. The Ohio registration was obtained after the Complaint was served, but before the Counter-Claim was filed.

The Counter-Claim additionally averred that in January, 1933 the petitioner first learned of respondent's use of the flying horse as a trade-mark, and thereupon gave notice in writing to respondent that such use was regarded as an infringement of petitioner's exclusive right to the use of the mark in the State of Ohio.

Petitioner additionally claimed that respondent's act constituted unfair competition as well as infringement of petitioner's trade-mark rights at Common Law in the State of Ohio.

Respondent's answer to petitioner's Counter-Claim admitted the sale by petitioner of oils and petroleum products prior to October 22, 1932; admitted the use by petitioner of the symbol of a flying horse as a trade-mark in various colors including red; admitted the Ohio registration by petitioner of the flying horse as a trade-mark; admitted receipt of the notice of infringement in January of 1933; admitted that there had been negotiations, conferences and correspondence between the parties, between that time and the filing of the complaint concerning petitioner's claim of infringement, but averred that following February 1st, 1933, and prior to October 1937, petitioner had abandoned any right that it might have had to the symbol of the flying horse, and that respondent relying upon defendant's silence and acquiescence and abandonment, spent large sums of money in establishing its right to the flying horse symbol as a trade-mark, and asserted that petitioner was barred by laches and estopped from asserting its Counter-Claim.

The District Court referred the case to a Special Master to take testimony and to report findings of facts and

conclusions of law, and after due proceedings which involved approximately 3,000 pages of testimony of approximately 60 witnesses for the petitioner, and 40 witnesses for respondent, and approximately 500 exhibits, the Special Master found (R. p. 50) as follows:

1. Respondent registered as a trade-mark the symbol of flying horse without regard to color, in 1911, and secured a certificate of renewal thereof in 1931; that respondent did not use the mark on any goods in the United States until October of 1932, but that respondent did use the mark on some of its products which were shipped abroad prior to October 1932.

2. That petitioner used the symbol of a flying horse as a trade symbol in the State of Ohio as early as 1930, and continued to use it thereafter until October 1934, when there was partial cessation at some of its stations until 1937, during which time petitioner marketed at some of its stations the products of The American Oil Company and The Columbia Refining Company, but that since 1937 petitioner has used the mark continuously at all of its stations.

3. The mark which petitioner used prior to the time when respondent began to use it in the United States was usually white in color, although there was some evidence of the use of a flying horse red in color. Petitioner did not restrict itself to the single flying horse but in its advertising on bill-boards, and station signs used the horses in multiple, sometimes representing them as a pair of horses, and sometimes as a series of flying horses in various colors ascending in an arc.

4. The respondent knew of petitioner's prior use of a flying horse as a trade symbol as early as January 1933, but at such time petitioner's horse was usually white and of somewhat less streamlined effect than that of respondent's horse.

5. That when petitioner, after partial cessation, resumed the use of the flying horse generally in September 1935, it did so with the knowledge that confusion would result, and that its use of the flying red horse symbol indicated an intention to appropriate to itself a part of respondent's good will and to mislead the public.

6. That petitioner registered the flying horse as a trade-mark in Ohio, after the Complaint was filed, but before the Counter-Claim was filed.

As to the conclusions of law the Special Master found (R. p. 52):

1. That in 1932 respondent did not have any right to the flying horse as a trade-mark in advance of its projection of use into the petitioner's territory, as against the prior right of the petitioner to use the mark therein, and that petitioner had made sufficient use of the symbol of the flying horse as a trade-mark prior to the time of the respondent's entry into the same territory, so that petitioner had acquired a right to use the mark as a trade symbol at the time when respondent first began to use it, to-wit in October, 1932.

2. That the difference in color between the red flying horse and the white flying horse would not in itself be sufficient to avoid confusion in the public mind, and that the rights of the respective parties as existed when the conflict arose were not affected by the fact that respondent's use was of the red flying horse symbol while that of petitioner's generally was white.

3. That petitioner's partial cessation did not amount to abandonment, and that petitioner was not guilty of laches in not asserting its claimed rights at an earlier date; but that nevertheless the resumption of use by petitioner, after respondent had built up a trade under the mark, and the final use by petitioner of a flying red horse to the exclusion of any other color were such as to indicate an inten-

tion to appropriate to itself a part of respondent's good will.

4. That the claimed difference in shape between petitioner's flying horse symbol and respondent's flying horse symbol was insufficient to avoid confusion.

5. That registration of the mark by respondent standing alone would have no effect upon petitioner's use of the mark in Ohio, and that respondent's use of the mark in the Far East, China, Japan, Australia and New Zealand would be insufficient to preclude petitioner's use of the same marks in Ohio, and that the parties were in agreement on such points.

Wherefore, the Special Master recommended that petitioner be permanently enjoined from using any symbol of a flying horse in any part of the United States, but recommended that there be no decree for an accounting.

Petitioner took numerous exceptions to the report of the Special Master (R. p. 54) but respondent took none. The exceptions principally were that the use of symbols by petitioner other than a flying horse, such as the figures of airplanes, a herd of running horses without wings, and a quartette of singers were not trade-mark uses, but were merely billboard advertisements which appeared from time to time, but that petitioner at all times since before respondent's infringement began, used only the symbol of the single flying horse on the dispensing pumps, and on the trucks in which the gasoline was transported.

Exception was also taken to the holding that defendant adopted the red color exclusively after 1937, because the evidence showed that even at the time of trial petitioner was still using the flying white horse on some of its station signs. (R. pp. 88 and 123.) An additional exception was to the conclusion that petitioner was guilty of unfair competition, whereas based upon the findings of fact, the respondent was guilty of willful and wanton infringe-

ment of petitioner's exclusive right to the use of the flying horse, regardless of color, in the State of Ohio.

The Special Master in recommending an injunction against petitioner did so on the theory that respondent, having spent more for advertising than did the petitioner, acquired a superior right to use it as against petitioner, basing his decision upon the rule of law governing descriptive or non-technical trade-marks.[1]

The District Court declined to follow the recommendations of the Special Master with respect to the issuance of an injunction against the petitioner from using any symbol of a flying horse, but did issue an injunction against petitioner's use of any flying horse outside the State of Ohio, and further enjoined the use of any flying horse except one white in color in the State of Ohio. In doing so the District Court found that respondent had an established right in the flying horse red in color by virtue of:

(a) Prior federal registration of the mark.

(b) Prior use of the mark abroad.

The District Court also found that petitioner had adopted the mark without any knowledge of respondent's prior use abroad, and that it is entitled to protection under *United Drug v. Rectanus*, 248 U. S. 90. The District Court however did not give to the petitioner the relief to which it was entitled under Ohio law.

The Court of Appeals affirmed the decision of the District Court but on a different ground. The Court of Appeals, after adopting the findings of the Master and District Court that Petitioner was the first user of the flying horse as a trade symbol in the State of Ohio, found that petitioner was not thereby relieved of respondent's charge of unfair competition, and that the confusion which peti-

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[1] *Jenny Mfg. Co. vs. Leader Filling Station Corp.*, 291 Massachusetts 398, 196 N. E. 852, 26 U. S. P. Q. 185. (R. pp. 30 and 48.)

tioner sought to abate was of its own creation. The Court of Appeals thereupon, without the benefit of the voluminous record made before the Special Master, but basing its findings on the reported findings of the Master, drew ultimate inferences and conclusions, and particularly concluded that petitioner refined its trade-mark and chose its color thereof to resemble more closely that of respondent, and that such action presumed a use thereof for the purpose of appropriating a part of respondent's business.

The Court of Appeals dismissed petitioner's Counter-Claim for infringement of Common Law rights in a technical trade-mark, and decided the case on respondent's allegation of unfair competition.

The District Court awarded costs before the Special Master and in the District Court to respondent, but the Court of Appeals required each party to pay its own costs in the Court of Appeals, and did not modify the judgment of the District Court as to petitioner's costs therein or before the Special Master.

Petitioner filed a petition for re-hearing in the Circuit Court of Appeals and endeavored to point out that that Court had treated this case as though the petitioner had been guilty of abandonment or laches, whereas the Special Master (R. pp. 44 to 47) and the District Court (R. p. 67) had found in favor of the petitioner on those points, and that no exception to the Master's report had been taken thereon by respondent. We pointed out additionally that the owner of a technical trade-mark owes no duty to use it in a manner that would not conflict with a color used by one who knowingly, wilfully and wantonly infringed the rights of the rightful owner after due notice thereof. We endeavored to show that no amount of use by a trespasser, regardless of what value the use may have to the trespasser, can rightfully deprive the owner of the right to an injunction against the trespass.

We attempted to show additionally that inasmuch as the petitioner sold no goods under the mark outside the

State of Ohio, respondent would have no right of action in Federal Court based on its registration, and that the Law of Ohio would govern the rights as between the parties, and that under the Ohio decisions the petitioner was entitled not only to the exclusive use of the mark in Ohio regardless of color, but was also entitled to an injunction and an accounting against the respondent.

The petition for rehearing called attention to the fact the petitioner did not create the confusion, but that the respondent created the confusion by imitating petitioner's trade-mark, and that the respondent, rather than the petitioner, was the perpetrator of a fraud. Notwithstanding the aforesaid, however, the Court of Appeals denied the petition for rehearing, without opinion.

JURISDICTION.

The opinion and order of the Circuit Court of Appeals were entered on June 22, 1943. Petitioner duly filed and presented a petition for rehearing (R. p. 275) which was duly considered by the Court and was denied on August 31, 1943. (R. p. 299.) This was the final order of the Court below, wherefore the time permitted for filing this petition extends to November 30, 1943.

The Statute under which jurisdiction is invoked is Section 240 (a) of the Judicial Code (28 U. S. C. A. 347 as amended). The opinions of the Special Master, of the District Court and of the Circuit Court of Appeals are part of the transcript of proceedings which are filed herewith pursuant to Rule 38.

QUESTIONS PRESENTED.

The questions presented by the decision of the Circuit Court of Appeals are:

1. Does the first user in Ohio of a technical trade mark, comprising a symbol of distinctive shape, in the absence of laches or abandonment, have a duty to refrain from using

that mark in Ohio in a color which is employed by an infringer over the protest of the first user, especially where the first user's previous use of the mark was sometimes in that color?

2. Does the first user in Ohio of a technical trade mark comprising a symbol of distinctive shape lose the right to prevent an infringer employing that mark in Ohio if the first user (who previously had used it sometimes in one color and sometimes in another) concentrates his activities on the color adopted by the infringer, after the infringer had entered the field over the protest of the first user?

3. Does the second user (respondent) in the State of Ohio of a technical trade-mark acquire a superior right, against the first user (petitioner) to use the mark over the protest of the first user, who, in good faith, adopted the mark without knowledge of any prior use, and who used it sufficiently to acquire an established right therein, where the second user had registered the mark in the United States Patent Office and had used it abroad prior to use by the first user in Ohio, but had not used it anywhere in the United States prior to the first user in Ohio, and where there has been no abandonment or laches by the first user in Ohio?

4. Is the first to adopt and use a technical trade-mark in the United States, but who has limited his use thereof to the State of Ohio and who has thereafter registered the trade-mark in the State of Ohio, pursuant to the laws governing local registration, rendered powerless to enjoin the use of the same mark by a later user in the State of Ohio, where the first user had used the mark in different colors, including red, and where the second user after receiving notice of infringement at the commencement of its use, continued to use the mark but restricted itself to the employment of red color?

5. Did not the Court of Appeals fail to follow the decisions of this Court obligating it to apply the local law

under the facts and circumstances of the case, and is not the local law to the effect that the first to adopt and use in the State of Ohio a technical trade mark of distinctive shape is entitled to the exclusive use thereof in Ohio, regardless of color, under common law rights, as against a later user who enters the field after due notice of infringement but who restricts his use of the mark to one color?

6. Where the parties are before the Federal Court in an action for technical trade-mark infringement and unfair competition, based on diversity of citizenship, and where the amount in controversy, exclusive of interest and costs exceeds $3,000.00, and where the first user of the mark in Ohio has used it only in the State of Ohio, and has thereafter registered it in the State of Ohio, should not the local law govern the disposition of the rights as between the parties, and has a prior federal registration by the opposing party any bearing on the case?

7. Did not the Court of Appeals err in holding as a fact that petitioner had used several different trade-marks before the infringement began, but dropped all of them except one after respondent started its infringement of that one; that petitioner had used several colors of that mark before the infringement began but afterwards used only one color, which was the color chosen by the infringer; that petitioner remodeled its trade-mark to make it more closely resemble that of the infringer; and, if the Court was correct in its finding of all these facts, was not the petitioner within its rights in doing so?

8. Did not the Court of Appeals err in holding that the case of *United Drug Co. vs. Rectanus* (248 U. S. 90) "has no application to the facts in the case at bar"? The Court quotes the incidental statement in the Supreme Court opinion "that there was nothing to sustain the allegation of unfair competition aside from the question of trade-mark infringement" as if that meant that the decision of the Supreme Court would have been the reverse if there

had been unfair competition. Does not the *Rectanus* decision lay down the doctrine that there is nothing to prevent the State of Ohio from conferring affirmative rights upon the first user of a trade-mark in Ohio, exclusive in Ohio, as against others whose use of the trade-mark there began at a later time than the first user? Does not the State of Ohio confer such affirmative rights, as illustrated by the decisions in *Drake Medicine Co. vs. Glassner,* 68 Ohio State 337, 67 N. E. 722; and *Safe Cabinet Co. vs. Globe Wernicke,* 3 Ohio Appeal 24, 38?

9. Is *United Drug vs. Rectanus* (248 U. S. 90) authority for granting relief prayed for in a counterclaim, where the counterclaimant was the first user of the technical trade-mark within the territorial limits of the State of Ohio? In the *Rectanus* case the first user did not file a counterclaim and such question is believed to be now before this Court for the first time.

10. Where one has registered a technical trade-mark in the United States Patent Office and has brought suit against a prior user thereof in the United States for infringement of said registered mark, and for unfair competition in the use of a certain color in which the mark is displayed, and where the first user filed a counter-claim for infringement of its common law rights, and where the first user restricted his use to the State of Ohio and subsequently registered the mark in the State of Ohio, does the first user lose the right to the relief prayed for in the counterclaim, by virtue of withdrawal by the prior registrant of his claim for relief based on registration, and by virtue of restricting his claim for relief solely on unfair competition?

11. Where the District Court and the Court of Appeals adopted the findings of fact made by the Special Master, and where the findings of the Master were that petitioner was the first to use the mark in the State of Ohio

and where the Master found that petitioner had used the mark sufficiently to make it constitute the trade mark of petitioner prior to the entry of the respondent into the field, but had used *the color red* sporadically in connection with the mark, did not the Court of Appeals, when summarizing the findings by the Master, err in applying the term "sporadic" to petitioner's use of the flying horse generally by saying: "Prior to 1940, Oil City sporadically used the sign of the white horse on billboards and cut-out signs, one of which had on it a gray horse with red outlined wings"?

12. Where the Special Master held that there was insufficient difference between the shape of the flying horses used as trade marks by petitioner and respondent to distinguish one from the other, and where the Special Master held that the difference was insufficient to avoid confusion, and where the complaint makes no charge of any difference in shape between petitioner's early and later uses, did not the Court of Appeals err in holding that petitioner remodeled its mark to conform more closely to the shape of mark as used by respondent, and did not the Court of Appeals err in drawing conclusions adversely to the petitioner from such finding?

13. Where the Special Master found that petitioner's partial cessation of the mark did not amount to abandonment and that petitioner was not guilty of laches, and where respondent took no exception to the Master's holding, did not the Court of Appeals err in deciding against petitioner as though abandonment had occurred, and as though petitioner had been guilty of laches in asserting its rights against respondent?

14. When the Court of Appeals held (with the District Court and the Master) that petitioner "had made sufficient use of a mark of a flying horse to acquire a prior right therein" before petitioner entered the territory, and that "the difference in color between a flying red horse and a

flying white horse was not sufficient to avoid confusion in the public mind'' was not the Court in error in also holding that the confusion which petitioner ''seeks to abate was of its own creation and it caused the unfair competition in trade for which it asks relief,'' and was not the Court additionally in error in failing to find that respondent perpetrated a fraud, *ab initio,* by using the symbol of a flying horse after having received a notice of infringement from petitioner?

15. Where one party to an action for infringement has been held to possess established rights in a technical trade-mark in advance of a second user, is not the first party entitled to an injunction and an accounting against the second user as well as to recover the costs in all tribunals against the second user?

16. When the District Court dismissed the Complaint as to one defendant (John Roski) but failed to award him costs, and the Court of Appeals on appeal by the plaintiff affirmed the dismissal and on account thereof awarded him costs in the Appellate Court only, should not the Court of Appeals have instructed the District Court to amplify its dismissal by awarding him costs in that Court and before the Master?

REASONS RELIED UPON FOR THE GRANTING OF A WRIT OF CERTIORARI.

The Circuit Court of Appeals has decided an important question of local law in a way probably in conflict with applicable local decisions. The Court wrongly interpreted the Ohio law, which is definite that the owner of a technical trade-mark can prohibit the use thereof in a color different from that in which he has used it.

The Circuit Court of Appeals has decided an important question of trade-mark law which has not been and should be settled by this Court, namely, whether the owner

of a technical trade-mark of distinctive shape owes a duty to an infringer to refrain from using the mark in the particular color which the infringer has employed.

The Circuit Court of Appeals has decided a question of trade-mark law in a way probably in conflict with the most applicable decision of this Court, namely, the decision in *United Drug Co. vs. Theodore Rectanus Co.* (248 U. S. 90).

It is believed that this is the first time that the Supreme Court of the United States has had before it a record by which the Court could decide the rights of a counter-claiming defendant, who is the first user, in a State, to prohibit infringement of its mark in that State, by a trespasser who has entered the field over the protest of the first user. The counterclaim in this case supplies the factor which was missing in the case of *United Drug vs. Rectanus* and prevented the Court from settling in that case (as it can in this) the right of a local first user to prohibit use in his territory by a second user, who had never before used the mark in that territory but has used it abroad.

The Circuit Court of Appeals by restricting the first user's use of his trade-mark of distinctive shape to a particular color, so as to avoid interference with an infringer's use of that mark in another color, has so far departed from the accepted and usual course of judicial proceedings, and so far sanctioned such a departure by the lower Court, as to call for an exercise of this Court's power of supervision.

The questions presented by this petition are of great consequence, as they affect the right of every owner of a technical trade-mark throughout the United States. It is of tremendous importance to know whether a person who adopts and uses a technical trade-mark in a given territory can lose his exclusive right to such use, as against a subsequent user who after receiving notice of infringement continues to use the mark; and it is equally important to ascertain whether such infringer, by specializing in one color, can not only acquire a superior right as against the first

user, to use the technical trade-mark but can also deprive the first user of the right to use the color which the infringer has appropriated.

Inasmuch as the petitioner adopted the symbol of a flying horse as his trade-mark for petroleum products in good faith and without knowledge of any prior use thereof by another, and inasmuch as the mark was used by petitioner solely in the State of Ohio, and since there is the requisite diversity of citizenship, the rights of the respective parties should be determined under local law. (*Erie Railroad vs. Tompkins*, 304 U. S. 64.) The Circuit Court of Appeals in this case, however, has decided an important question of local law in a way that is in conflict with applicable local decisions.

Although the District Court held that petitioner is entitled to protection under *United Drug v. Rectanus*, 248 U. S. 90, nevertheless the protection granted fell far short of that which this Court indicated as allowable. In that case, the defendant did not, as did petitioner in the case at bar, file a counter-claim for infringement and seek an injunction and accounting, hence such questions have not heretofore been determined by this Court. It is to the interest of all, that the common law right of an owner of a technical trade-mark as against an infringer be settled by this Court.

Wherefore your petitioner prays that a Writ of Certiorari may be issued under the seal of this Court directed to the United States Circuit Court of Appeals for the Sixth Circuit commanding that Court to certify and send to this Court, on a date to be designated, a full and complete transcript of the record and all proceedings of the Circuit Court of Appeals had in this cause, to the end that this cause may be reviewed and determined by this Court, and that the judgment of the Circuit Court of Appeals be reversed, and that the District Court be instructed to dismiss

respondent's complaint, and to grant petitioner's Counter-Claim and the relief prayed therein.

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Attorneys and Solicitors.

MOTION IN RE RECORD.

The petitioner moves that this Court accept as the record on this petition the certified copy and the nine additional copies filed herewith. These nine additional copies differ from the certified copy merely in that three exhibit photographs appearing on pages 141, 143 and 145 are uncolored in the additional copies, whereas in the certified copy these exhibits are photographically colored by a very expensive process performed by the Eastman Kodak Company.

The petitioner moves also that if its petition for a writ of certiorari is granted, that petitioner be allowed to file the supplemental copies then required in the same form as the nine additional copies filed herewith.

The three exhibit colored photographs above referred to are Kodachrome colored positives reproduced by the Eastman Kodak Company at Rochester, New York, from transparency negatives, which were the original exhibits Nos. 284, 285 and 286, before the Master and the District Court. A stipulation (Rec. p. 230) allowed the respondent to replace these negatives before the Court of Appeals by the positives as appears in the certified copy of the Record filed in this Court.

Only four sets of these Kodachrome positives were filed by respondent in the Court of Appeals on account of the expense of making these reproductions in color, and in its motion to be allowed to use only four copies the respondent explained (Rec. p. 107) that the cost of producing 90 prints (for thirty copies of the record) would amount to $558.00.

Besides the expense, there would be an unusually great delay in obtaining the colored reproductions from the Eastman Kodak Company, due to war conditions. For the same reason it is extremely difficult, if not impossible, to

obtain at this time the materials and the labor to hand color the copies and the expense would be very great.

Respectfully,

OIL CITY REFINERS, INC.

By ALBERT H. BATES,

ALBERT R. TEARE,

Counsel for Petitioner.

BATES, TEARE & MCBEAN,

Cleveland, Ohio,

Attorneys and Solicitors.

In the Supreme Court of the United States

OCTOBER TERM 1943.

No. . . . . .

OIL CITY REFINERS, INC.,
Petitioner,

vs.

SOCONY-VACUUM OIL COMPANY, INC.,
Respondent.

BRIEF FOR PETITIONER
In Support of the Accompanying Petition for Writ of Certiorari.

OPINIONS OF THE COURTS BELOW.

The opinion of the District Court is recorded in 44 F. Supp. 439, and is found in the record at page 64. The judgment of the District Court (R. p. 65) specifies the scope of injunction granted against the petitioner, while a supplemental decree of the District Court enjoining the petitioner from using a red background for the symbol for a flying white horse may be found in 52 U. S. P. Q. 643. The opinion of the Circuit Court of Appeals is reported in 136 F. (2d) 470 and is found in the record page 267. The petition for rehearing in the Court of Appeals appears in the record at page 275, and the order denying the petition may be found in the record at page 299.

JURISDICTION.

The opinion and order of the Court of Appeals were entered on June 22, 1943. Petitioner duly filed and presented a petition for rehearing (R. p. 275) which was con-

sidered by the Court and was denied on the 31st day of August, 1943 (R. p. 299). This was the final order of the Court below; whereby the time permitted for filing this petition extends until November 30, 1943.

The statute under which jurisdiction is invoked is Section 240 (a) of the Judicial Code (28 U. S. C. A. 347 as amended).

STATEMENT.

The facts are thought to be sufficiently stated in the summary statement which is a part of the petition, except as they are in some respects elaborated in detail in immediate connection with portions of the following argument to which reference is hereby made.

SPECIFICATIONS OF ERROR.

The specifications of error are in substance all included in the statement in the petition under the heading "The Questions Presented," and are to some extent reiterated under the heading "Reasons Relied Upon for the Granting of a Writ of Certiorari." In amplification of such formal statements, we submit that the Circuit Court of Appeals for the Sixth Circuit erred:

1. In holding that although petitioner was the first to adopt and use the symbol of a flying horse as a trade mark, and had used it in various colors including red prior to the use thereof by respondent anywhere in the United States, and particularly in the State of Ohio, and although petitioner had an established right in the flying horse symbol for a trade mark for petroleum products in advance of use thereof in the United States by respondent, nevertheless, respondent gained a superior right against petitioner to use the mark in a color red, notwithstanding the fact that respondent was notified of infringement of petitioner's common law rights at the time respondent entered the field.

2. In deciding this case as though it were solely an action for unfair competition, without regard to the fact that the mark in question is a technical trade mark; without regard to the fact that use by the respondent of the mark is presumed to be fraudulent, and without regard to the fact that respondent had due notice of infringement at the time it entered the field.

3. In holding that petitioner, though the first user of the trade mark, is not thereby relieved of respondent's charge of unfair competition based on the claim that petitioner subsequently used the color red for its flying horse symbol to the exclusion of other colors. The Court erroneously applied the Ohio decisions, as if they supported such conclusion. On the contrary, the Ohio decisions cited by the Court of Appeals sustain petitioner's contention that the first to use a technical trade mark in the State of Ohio has an exclusive right to use it regardless of color, as against an infringer, and is entitled to an injunction and an accounting against the infringer.

4. In concluding that petitioner chose its color to resemble more closely the color used by respondent, and in holding that petitioner resumed its use after partial cessation thereof for the purpose of appropriating a part of respondent's business, without evidence to support such conclusion, and in disregard of the findings by the Master and by the District Court that petitioner had at no time abandoned the mark.

5. In holding that petitioner over a period of years had used various trade symbols and that the petitioner had selected out of such group a single symbol, whereas the various items referred to by the Court of Appeals were not in fact trade marks, but billboard advertising that occurred prior to respondent's entry into the field. The only trade mark use is that which appears on the goods and the evidence establishes that the only trade mark petitioner used on the goods was a single symbol of a flying horse.

6. In holding, without any proof whatever, that petitioner *remodeled* its trade mark to resemble the mark of respondent. There was no change to justify the charge of "remodeling." True, the District Court referred to respondent's earlier symbol of the flying horse as of "horse power design," and the Master said it was a "somewhat less streamlined type of flying horse," but neither the District Court nor the Master considered petitioner's offense to lie in any such refinement. In the Complaint petitioner was charged only with having concentrated its use of a horse in a red color after respondent had used such color. The Complaint is silent as to the shape of petitioner's horse prior to 1937.

7. In holding that petitioner used a red horse exclusively since 1937, whereas the evidence shows that petitioner was still using other colors even up to and during the time of the trial.

8. In holding that petitioner availed itself of unfair means to sell its products to the ultimate purchaser as those of respondent, whereas the Court should have found that respondent was a trespasser *ab initio* on petitioner's common law rights, and as such could obtain no rights against petitioner.

9. In holding that although petitioner has prior established rights in the flying horse as a trade-mark symbol in the State of Ohio, nevertheless it is not entitled to an injunction nor an accounting nor any award of costs either before the Master or the District Court.

10. In not instructing the District Court to award to the former defendant, John Roski, his costs before the District Court and the Master, in view of the fact that the Master and District Court had dismissed the complaint as to Roski and the Court of Appeals affirmed the dismissal.

SUMMARY OF THE ARGUMENT.

I. It is of great public importance to determine the extent of the rights of the first to adopt and use a *technical* trade-mark in the United States, and specifically within any one of the United States, as against one who has subsequently entered the field with the same mark, against the protest of the first user, but who has appropriated that trade-mark in only one of the colors used by the first user.

II. It is important to have this Court determine whether one who had registered a mark in the Patent Office but had not used it in the United States before another had independently adopted and used it in one of the States, specifically Ohio, can acquire a *superior* right of use as against such first user in Ohio, sufficient to gain for itself not only the right to continue to use the technical mark in question in Ohio, but also to have the *exclusive* use thereof in one color, notwithstanding the fact that the first user in Ohio had previously used it in that color and other colors.

III. Assuming it to be settled law that where a technical trade-mark is imitated fraudulent intent to deceive is presumed, and assuming that a first user (petitioner) has prior established rights in a technical trade-mark in the State of Ohio, it is important to know how, in the absence of abandonment or laches, the status of an infringer, after notice, can change from that of a trespasser, not only to one having a coordinate right to use the symbol, but also to one having the *exclusive* right to use one of the colors which the first user had employed prior to the entry of the second user into the field.

IV. There being no use of the mark by petitioner outside Ohio, though diversity of citizenship authorizes proceeding in a federal court, local law governs the rights as between parties. In Ohio, the first to use a technical trade-mark is not only entitled to the *exclusive* use thereof, regardless of color, but is also entitled to an injunction and an accounting against an infringer.

V. The admission by respondent of the absence of jurisdiction based on its U. S. registration does not make this a case solely for unfair competition, because petitioner's counter-claim for infringement of its common law rights establishes jurisdiction. The respondent is in the District Court for the Northern District of Ohio by its own choosing, and is responsible for the petitioner's technical trade-mark infringement being tried in that District and in this case.

VI. The Court of Appeals based its decision on a misunderstanding of the Master's report with respect to the petitioner's continuous use of the trade-mark and with respect to modifications in the portrayal of petitioner's flying horse. The Court of Appeals treated the findings of the Master as if he had held that petitioner's use of the flying horse trade mark (independent of color) before the respondent entered the Ohio territory, was sporadic. The Master, however, used the term "sporadic" only in connection with the color red on the horse, and that was prior to 1932.

VII. The Court of Appeals treated petitioner's use of the trade-mark as though petitioner had abandoned it, or laches prevented enforcing it, whereas the Master's report is to the effect that there was no abandonment and no laches, and the respondent took no exception to the Master's report.

VIII. If there be fraud in this case respondent's wanton and deliberate infringement of petitioner's common law rights was fraudulent *ab initio*.

IX. The petitioner having been the first to adopt and use the symbol of the flying horse as a trade-mark for petroleum products in Ohio is entitled to recover costs in all tribunals.

X. The Complaint having been dismissed as to the defendant John Roski by all tribunals, he is entitled to

recover his costs before all tribunals, not merely in the Court of Appeals.

ARGUMENT.

I. PUBLIC INTEREST AND IMPORTANCE.

It is obviously important to every owner of a technical trade-mark throughout the United States to know whether, in the absence of abandonment or laches, he can lose the exclusive right to use the mark in the territory preempted by him, as against one who subsequently enters the territory with the same mark and continues to use it over the protest of the first user. It is equally important to know whether greater extent of the use by the second user, and the fact that the second user has displayed the symbol in only one color, are circumstances which preclude the first user from utilizing the same color, and are circumstances which give the second user a coordinate right to use the symbol in question.

This Court, in *United Drug vs. Rectanus*, 248 U. S. 90, has denied to the second user the right to prevent the first user from continued use of the mark in question, but did not decide whether the first user could enjoin the second user and was entitled to an accounting therefor. The defendant in the *Rectanus* case did not, as did the petitioner in this case, file a counterclaim for infringement, but the implication is that this Court would have granted an injunction if the defendant had properly requested it, because the Court states:

> "There was nothing to prevent the State of Kentucky (saving, of course, what Congress might do in the range of its authority) from conferring affirmative rights upon Rectanus, exclusive in that Commonwealth as against others whose use of the trade mark there began at a later time than his; but whether he has such rights, or respondent now has them, is a question not presented by the record; there being no prayer for an

injunction to restrain petitioner from using the mark in the competitive field."

This Court therefore has not heretofore decided definitely whether a defendant can by counterclaim assert his exclusive rights to the use of a technical trade-mark in the disputed territory, and such question is now squarely presented by the record in this case.

The theory of the Court of Appeals that the owner of a trade-mark must so restrict his use thereof as not to interfere with the free use of one color of that mark by an infringer, who entered his territory over his protest, is so manifestly unjust and such a violation of the fundamental rights of trade-mark owners as to call for the exercise of this Court's power of supervision, in the public interest.

The reasoning of the Court of Appeals, as set out in its opinion, seems to be that notwithstanding the fact that petitioner "had made sufficient use of the mark of a flying horse to acquire a prior right therein" before respondent entered the territory, and notwithstanding the fact that "the difference in color between a flying red horse and a flying white horse was not sufficient to avoid confusion in the public mind," nevertheless the exclusive right to the flying red horse would become transferred by operation of law from petitioner to respondent if petitioner (1st) having used several trade-marks prior to the entry of respondent into the field ceases after such entry to use any of the marks except a flying horse, and (2nd) uses such horse always in a red color, and (3rd) uses it in a form remodeled to resemble more closely respondent's form.

We note in passing that each of the three assumptions of fact is contrary to the evidence, which shows (first) that the other marks used by petitioner were not trade-marks but billboard advertising (*Dederich v. W. Schneider*, C. C. A. 8, 195 F. 35), and that before respondent entered the field petitioner had concentrated on the flying horse as his

trade-mark; second, that petitioner, while usually employing a red horse, continued to use other colors after respondent entered the field, a white horse being used at some stations at the time of the trial; third, that there was no remodeling of petitioner's flying horse.

But even if all of the above facts were as the Court of Appeals considered them to be, we submit that the petitioner was within his rights in doing every one of those things, and that respondent did not thereby obtain a superior right or even a coordinate right to use the flying red horse symbol.

We believe it is well established law; first, that one may use several trade-marks without vitiating his right to any particular one.

> "A manufacturer or dealer may secure the right to be protected in the exclusive use of as many separate trade-marks as he first adopts and then so continuously uses that they clearly become to purchasers and those who intend to purchase distinguishing marks of the origin and character of goods he makes and sells." *Layton Pure Food Co. vs. Church & Dwight Co.*, 182 Fed. Rep. 24, Court of Appeals, 8th Circuit.

> "In principle, there is no possible ground for refusing to recognize any number of trade-marks which are really such." Judge Learned Hand in *Loonen vs. Deitsch*, 189 Fed. Rep. 487.

Comparison of Defendant's Exhibit 570 (R. p. 99) with Defendant's Exhibit 526 (R. p. 97) is one illustration of what the refinement in shape amounted to. Both the Master and the Court were of the opinion that confusion would result between petitioner's representation of a flying horse and respondent's representation even if they were of different colors.

A trade mark is not avoided by portraying the appropriated design in a slightly more artistic manner. Numerous decisions could be cited to that effect, but a recent decision by the Assistant Commissioner of Patents is so per-

tinent that we call attention to it. There, the applicant's mark was for a horse described as "slender," whereas the prior registered mark was a horse referred to as "stalwart"; it was held that such a difference was "insignificant to insure against confusion." (*Ex parte Nadell,* 45 U. S. P. Q. 671.)

That the flying red horse was the particular insignia which petitioner was emphasizing as its trade-mark is shown by the radio broadcasts, Rec. pp. 214 to 220, delivered at various times during October, November and December 1931, more than a year before respondent entered the field. In at least seven out of eleven broadcasts the hearer is urged to buy his gasoline at "the sign of the flying red horse."

Second, that a trade-mark of distinctive shape is independent of color.

> "The owner of a valid trade-mark, otherwise distinctive, may, however, be protected against appropriation by a rival dealer through mere change in color." *Samson Cordage Works vs. Puritan Cordage Mills,* 211 Fed. Rep. 603, Court of Appeals, 6th Circuit.

Third, that minor changes in a distinctive shape of a trade-mark are immaterial. *McLean vs. Fleming,* 96 U. S. 245.

Dr. Derenberg in *Trade Mark Protection and Unfair Trading,* 1936, page 645, says:

> "In general, it is believed that picture trade marks are more susceptible to changes and variations than mere word trade marks. A twin brother trade mark, for instance, would still be associated by the public with the original article, even if it were to reappear in a different form or color."

II. REGISTRATION AND USE ABROAD.

The *Rectanus* case, *supra,* has settled the proposition, that neither respondent's prior federal registration, nor prior claimed use abroad has given respondent any right as against petitioner, in Ohio, where the principles of the common law prevail. The Circuit Court of Appeals in the case at bar, however, affirmed the judgment of the District Court, and the District Court (R. pp. 65, 66) accorded to respondent established rights in the flying red horse because of

(a) Prior Federal Registration, and

(b) Prior use abroad.

The misapplication of the rule as defined in the *Rectanus* case is therefore obvious.

The ruling of the District Court, apart from the decision in the *Rectanus* case, is irreconcilable with the finding of the Master (R. p. 29) who stated:

> "Such rights as the plaintiff may have acquired by registration and by use at a distance so remote from Ohio that it cannot be said that these rights would be affected by the defendant's use in Ohio are not here involved. * * * However, it seems to be equally plain that such use of a mark would not alone and of itself be sufficient to preclude the defendant's use of a similar mark in Ohio, and counsel for the parties are in agreement about this."

The District Court having based its conclusion on two premises, each of which is inapplicable, and is so conceded by respondent, and each of which is directly in conflict with the *Rectanus* decision, it is important that the law be correctly applied and definitely settled by this Court.

III. SUPERIOR RIGHTS.

The Special Master, in finding that respondent acquired a superior right of use as against petitioner, did so on the authority of *Jenny Manufacturing Company v.*

Leader Filling Stations Corporation, 291 Mass. 398, 196 N. E. 852; 26 U. S. P. Q. 185 (R. p. 48) but that case involved a *descriptive* mark which had acquired a secondary meaning rather than a technical trade-mark. The rule illustrated by that case gives to the second user a superior right based on extensive advertising and use, where the first user had not advertised or used sufficiently to establish a *secondary meaning.* A descriptive mark is one not subject to *exclusive* appropriation until it has been used sufficiently to acquire a secondary meaning. A technical trade-mark, on the other hand, is one subject to exclusive appropriation, from the time of its adoption and therefore requires the application of a different rule of law, because an infringer has the entire knowledge of mankind to draw upon in adopting a mark. Where he adopts one that is similar to that of a prior user a fraudulent intent to deceive is presumed. As stated by the Circuit Court of Appeals in its opinion, (R., p. 272):

> "In cases involving technical trade-marks, the fraudulent intent to deceive is presumed * * *."

The same rule applies in Ohio. *Safe Cabinet Company v. Globe Wernicke Company,* 3 O. App. 24.

Fraud, in the case at bar therefore, was not by the petitioner, but by respondent in wantonly appropriating petitioner's trade-mark in the territory where petitioner had established it.

IV. OHIO LAW.

Jurisdiction of the Federal Court in the case at bar depends upon diversity of citizenship, because defendant has not used the mark outside the State of Ohio.

In the *United States Printing and Lithograph Company vs. Griggs, Cooper & Co.,* 279 U. S. 156, this Court at p. 158, said:

> "But neither authority nor the plain words of the Act allow a remedy upon it for infringing a trade-mark

registered under it, within the limits of a State and not affecting the commerce named."

That case came to this Court on certiorari to the Supreme Court of the State of Ohio, which, in disregard of the *Rectanus* case, had held that a Federal registration might project the right of the plaintiff into a territory in advance of the use of the mark therein. This Court reversed such holding.

Under *Erie Railroad vs. Tompkins,* 304 U. S. 64, the law in the State of Ohio is controlling. Ohio has adopted the common law rule which is that when a technical trade-mark is imitated that fact itself constitutes a ground for relief. *Drake Medicine Company vs. Glessner,* 68 O. S. 337.

In Ohio, the first to use a technical trade-mark is not only entitled to the *exclusive* use thereof, regardless of color, but is also entitled to an injunction and an accounting against an infringer.

In *Safe Cabinet Company vs. Globe Wernicke Co.,* 3 Ohio App. 24, 38 (Hamilton County), the Court said:

> "In the later case of *Drake Medicine Co. v. Glessner,* 68 O. S. 337, the question is well considered and the opinion by Davis, *J.*, shows that the law of Ohio in regard to this subject is in accord with that of the Federal Court, and the other states. This case upheld the rule that if simulation is clearly shown, positive proof of fraudulent intent is not required but may be presumed; that if the similarity be such that persons exercising ordinary caution are liable to be misled into purchasing one article when they intended to purchase the other, injunction will be allowed."

Petitioner has obtained registration in Ohio of the symbol of the flying horse as a trade-mark for petroleum products, but registration in Ohio is not compulsory, because at common law the first to adopt and use the mark in the State of Ohio is the rightful owner thereof, and he is entitled to protection even though he registers after the infringement began. *Lloyd vs. W. S. Merrill Chemical*

Company, (1891) 25 Weekly Law Bulletin 319. Accordingly, if petitioner had the right to an injunction in 1933, it has, in the absence of abandonment or laches, that right at the present time. The Special Master and the District Court have found that there has been no abandonment and no laches. (R. pp. 44 to 47 and R. p. 67.)

Under Ohio Law, the first to use a technical trade-mark in Ohio is entitled to an injunction against one who later enters the field but uses the symbol in a different color. *Richardson vs. Westjohn* (1880) 6 Weekly Law Bulletin 233. In that case the first user of a *white* star as a trade-mark obtained an injunction against a competitor who subsequently entered the field with a star of *different* color.

The opinion by the Circuit Court of Appeals makes reference to certain Ohio cases (R. p. 270) as supporting the proposition that even though petitioner was the first user of the mark it is not thereby relieved of the charge of unfair competition. It is difficult to reconcile such proposition with such Ohio decisions because none of them involved a situation where the second user infringed a *technical* trade-mark and then claimed a right against the first user on the ground of unfair competition. On the contrary each case supports the proposition that the *first to use a trade-mark is entitled to prevail.*

The cases cited are:

Drake Medicine v. Glessner, 68 O. S. 337;

Globe-Wernicke Company v. Safe Cabinet Company, 92 O. S. 532;

Safe Cabinet Company v. Globe-Wernicke Company, 3 O. App. 24;

Pillsbury-Washburn Flour Mills Company v. Eagle, 86 F. 608 (C. C. A. 7);

Samson Cordage Works v. Puritan Cordage Mills, 211 F. 603 (C. C. A. 6).

A detailed analysis of each of the aforesaid decisions appears in our Petition for Rehearing (R. pp. 289 to 292);

hence, for brevity, reference is respectfully made thereto for the reasons that support petitioner's contention that the Circuit Court of Appeals failed to apply the prevailing rule of law in Ohio.

The Circuit Court of Appeals made reference in its opinion (R. p. 271) to *Hugo Stein vs. S. B. Stein,* 16 N. E. (2d) 609; 58 O. App. 377, and to *Black & White Taxicab Co. v. Goldstein,* 20 O. N. P. N. S. 599; 29 O. D. N. P. 82, as supporting the proposition that the first user owes a duty to an infringer. In our submission, however, each of those cases supports the position of the petitioner, because in each case the Court held in favor of the *first user* of the mark in the territory in question. Those cases turned on the questions of unfair competition, *per se,* because each involved a *non-technical mark.*

V. JURISDICTION OF COUNTERCLAIM.

The respondent has naively assumed that by confessing that its original charge of infringement of its registered trade-mark could not be sustained, it could make it follow that the *only* issue before the Court was one of unfair competition by petitioner. Thus in the brief which respondent filed as Plaintiff-Appellee, in the Court of Appeals, it is stated:

> "Thus, that part of the complaint which charged infringement of a registered trade-mark was not sustained. No use of the mark, by defendant-appellant having been shown or established in interstate or foreign commerce, the jurisdiction claimed by reason of the alleged infringement of a registered trade-mark did not exist. Therefore, that part of the complaint was necessarily eliminated from the case. Jurisdiction by virtue of diversity of citizenship was sustained, however, and the sole remaining ground of the action, i.e., unfair competition, became and now is the only issue before the Court."

The above quoted proposition entirely ignores the counterclaim of petitioner, charging infringement of its

common law trade-mark. That matter was just as much before the Court as respondent's charge of unfair competition. Respondent brought the suit in the Northern District of Ohio and alleged diversity of citizenship, and the proper financial amount, as well as infringement of its U. S. registration. The failure of a plaintiff to make good part of its complaint cannot deprive the defendant of its right to proceed under its counterclaim. (*Leman vs. Krentler-Arnold Hinge Last Co.*, 284 U. S. 448; *General Electric Co. vs. Marvel Rare Metals Co.*, 287 U. S. 430.)

Nevertheless, all of the tribunals have fallen into the error of considering the situation as if it were merely a case of unfair competition between two parties using non-technical trade-marks which might have a secondary meaning, resulting in overlapping rights. Each of the tribunals has failed to appreciate that an infringer cannot, by his infringement, obtain rights against the party whose technical trade-mark he has infringed.

VI. MISUNDERSTANDING OF MASTER'S FINDINGS.

The Court of Appeals fell into a grave error in assuming that the Master had found that petitioner had "sporadically" used the representation of the *flying horse* as a trade-mark, whereas all that Master held in that connection was that the use of the color *red* for petitioner's flying horse was sporadic. The Master held definitely that petitioner had made sufficient use of a flying horse as a trade-mark prior to the time of respondent's entry into the territory so that petitioner had acquired a right to the trade-mark in that territory (Rec., p. 52). When the Master stated that such use of a red horse as there may have been was inconspicuous and sporadic (Rec., p. 50) he took occasion to underline the word "red." There is no justification in the record for the Court holding that the use of a flying horse symbol as a trade-mark was sporadic.

The Court of Appeals stated that petitioner had *remodeled* its representation for a flying horse to make it resemble the mark of respondent, whereas what the Master had held was that petitioner's original horse was a "somewhat less streamlined type of flying horse" (Rec. pp. 48, 51). That is far from "remodeling." It is admitted by both parties that respondent's original portrayal of a flying horse was confusingly similar to that of petitioner. The insignificance of any change made in petitioner's portrayal of its flying horse is evident for instance from a comparison of petitioner's early flying horses in Exhibit 570, R. p. 123 (see testimony of the painter, Elmer Allen, R. p. 88), or the horse on petitioner's 1932 delivery truck, Exhibit 347 (R. p. 125), or on the glass insert, Exhibit 530 (R. p. 245), with the later portrayal on the pump glass Exhibit 80 (R. p. 147), or in petitioner's Ohio registration, Exhibit 526 (R. p. 97).

It is our contention that a flying horse is a flying horse, and that the public would not appreciate any difference in the artistry with which it is portrayed.

As was well said by the Judge of the District Court of the District of Rhode Island in the case of *Gordon's Dry Gin Co., Lmt'd. vs. Eddy & Fisher Co.*, 346 Fed. Rep. 954 (where each party used a representation of a boar's head as a trade-mark):

> "Upon comparison there is considerable difference in the drawings, and it is probable that one familiar with the plaintiff's drawing would at once perceive the difference. This, however, is not a sufficient justification for the use of a boar's head by the defendant. The defendant's trade-mark answers the general description of plaintiff's in that it is a boar's head."

The Circuit Court of Appeals cites *Elgin National Watch Company v. Illinois Watch Company*, 179 U. S. 665 (R. p. 272) in support of the conclusion that the facts as found by the Master give rise to a strong presumption that petitioner refined his trade-mark and chose its color to

resemble more closely the respondent's color, and resumed its use for the purpose of appropriating a part of the business of respondent.

In our submission the *Elgin* case is inapplicable to support the aforesaid conclusions, because it is not one which involves infringement of a *technical* trade-mark. In that case the word "Elgin" was held by the Court to constitute a geographical location, and as such was a *descriptive* mark. The Court in that case *expressly exempted* any suggestion that it was deciding the case on the ground of a technical trade-mark. Indeed in that case the court said:

> "If a plaintiff has the absolute right to the use of a particular word or words as a trade-mark, then, if an infringement is shown, the wrongful or fraudulent intent is presumed, and although allowed to be rebutted in exemption of damages, the further violation of the right of property will nevertheless be restrained."

The Court of Appeals implies that if petitioner had used only a white flying horse he could have stopped the use of a red flying horse by respondent. How then does he lose that right by using a red flying horse himself? If a red flying horse when used by respondent is the equivalent of a white flying horse when used by petitioner, then the petitioner's red flying horse is necessarily the equivalent of its own white flying horse, and petitioner's use of red cannot change the situation. Moreover, petitioner has continued to use also the white flying horse, as shown for example in Exhibit 570, Rec., p. 123.

The Special Master found (R., p. 50) that prior to October 1932 "Such use of a red horse as there may have been was inconspicuous and sporadic." At R., p. 51, Section 9, the Special Master referred to the defendant's use of a white horse on some billboards, oval signs and cut-out signs as late as in the latter part of 1939, but did not state that such use was sporadic. In the ultimate finding of fact, No. 4 (R., p. 50) the Master found that defendant's

use of the mark was usually white in color prior to the time that respondent began to use it in this field.

The District Court also found:

> "The defendant, on the other hand, in 1931 and 1932, without any knowledge of the plaintiff's prior use of a flying horse, had developed the use of such a symbol in Ohio. The evidence reveals, however, that with the exception of some intermittent, sporadic or occasional use of a flying horse red in color, the defendant's symbol, for the most part, was a flying horse or horses of 'horsepower' design and white or varied in color."

VII. NO ABANDONMENT; NO LACHES.

We submit that the only theory which could justify the action of the Court of Appeals in declining to enforce petitioner's trade-mark was that petitioner had abandoned it, or had been guilty of such laches as would prevent enforcing it, but the Master held (and the District Court approved) that there had been no abandonment (Rec. p. 45) and no laches (Rec. p. 47) and the respondent took no exception to those holdings. When no exception is taken, a party is precluded from thereafter objecting to the Master's findings, as was pointed out by the Court of Appeals where they say "The findings of fact by Master cannot be reviewed upon appeal where there are no exceptions to his report and this is especially true where there are no objections to the Court's approval of the Master's findings."

Nevertheless, the Court of Appeals, while not holding either abandonment or laches, treated the case as if there had been abandonment. That Court after commenting on the Master's findings as to petitioner's activities before respondent entered the territory said "If nothing else appeared in the case, this finding would be sufficient to support Oil City's counterclaim and it would be entitled to an injunction against Socony."

But the Court of Appeals said "After eight years of Socony's business activities in this territory, Oil City

commenced to use exclusively a trade-mark emblem which is indistinguishable by the ordinary observer from Socony's." This seems to imply that the Court treated the matter as if there was the cessation of petitioner's use of the trade emblem for eight years. As a matter of fact, petitioner was using a trade-mark emblem of a flying horse which the ordinary observer would not distinguish from respondent's continuously from petitioner's adoption of the mark up to the present time.

Even when petitioner was selling other retailers' gasoline at some of its stations, under the trade-marks of those retailers, it was at other stations continuing to use its own trade-mark of the flying horse. Moreover, some of the stations where other gasoline was sold were "split accounts," i.e., partly petitioner's products, and partly those of another manufacturer. Petitioner's product however carried the flying horse symbol.

VIII. FRAUD BY RESPONDENT.

The Court of Appeals has treated this case as if petitioner were guilty of fraud by using its own trade-mark in a way to curtail or interfere with the infringing activities of respondent in petitioner's territory; but the fraud in this case was by respondent in wantonly and extensively using the flying horse as a trade-mark for petroleum products in Ohio over the protest of petitioner.

> "No one has the right to use the technical trademark of another in connection with like goods but if he does and persists after being notified to desist, fraud and imposition, which constitute the essence of the injury, will be presumed and relief granted." *Mishawaka Rubber & Woolen Mfg. Co. vs. S. S. Kresge Co.*, 119 F. (2d) 316 (C. C. A. 6).

The Circuit Court of Appeals referred to *Hanover Star Milling Company vs. Metcalf*, 240 U. S. 403 (R. p. 272), as being authority for the application of the doctrine of unfair competition to the conduct of *petitioner* in the

case at bar. In our submission, however, the Circuit Court of Appeals has misapplied the *Hanover* case, because, there, the unfair competition was not by the party who was the *first user* of the trade-mark in the State of Alabama, but by the *newcomer* into that territory, accordingly, "The shoe is on the other foot." (Mr. Justice Frankfurter in *Mishawaka Rubber & Woolen Mfg. Company vs. S. S. Kresge & Company,* 316 U. S. 203.)

No authority has been cited to substantiate the proposition that an infringer of a technical mark can, by charging the owner of the mark with unfair competition, preclude granting of relief to the owner under his rights at common law.

IX. COSTS TO PETITIONER.

We submit that in addition to an injunction and an accounting in favor of petitioner, petitioner is entitled to an award of costs before the Master, the District Court, and the Court of Appeals. It is established that petitioner was the first to adopt and use the symbol of a flying horse as a trade-mark for petroleum products in the State of Ohio, and it is established that respondent had extensively infringed that trade-mark in the State of Ohio over the protest of petitioner. This violation by respondent formed the basis of petitioner's counterclaim, which prayed for the dismissal of the complaint at plaintiff's cost, as well as for profits and damages at an increased rate and an injunction. We submit that that counterclaim should be sustained and its prayers granted.

X. COSTS TO JOHN ROSKI.

The District Court dismissed the complaint as to John Roski, but did *not* award him costs.

The Court of Appeals on plaintiff's appeal affirmed the dismissal and awarded Roski his costs in the Appellate Court, but declined to award them to him in the District Court.

If Appellate Court was right in awarding costs to Roski (because they affirmed the dismissal) it follows that the District Court was wrong in *not* awarding costs to him when that Court dismissed the complaint as to him. Hence, the Court of Appeals erred in not instructing the District Court to amplify its dismissal of John Roski by awarding him his costs in that Court and before the Master.

CONCLUSION.

All of the tribunals who have passed judgments on this case (the Master, the District Court and the Court of Appeals) have agreed that, before respondent ever used the flying horse trade-mark in Ohio, petitioner had established a prior right in the State of Ohio, and that petitioner has never abandoned the same and is not guilty of laches in enforcing such right. This gives petitioner a right to say to all the world "I am not concerned with what you do outside of Ohio, but within Ohio you shall not use a symbol of a flying horse as a trade-mark for petroleum products."

Therefore, when respondent thereafter entered Ohio with the same trade-mark, over the protest of petitioner, it became a trespasser *ab initio*, and as such it has *no rights* to the use of *any* flying horse as a trade-mark for petroleum products in the State of Ohio. From this it must follow that the use by respondent of a mark confusingly similar to that of petitioner in the State of Ohio should be enjoined.

The denial of justice, in refusing an injunction to petitioner, becomes a perversion when petitioner is prohibited from using its own mark in a specific color because that might interfere with the infringing activities of the trespasser.

We submit that the decision of the Circuit Court of Appeals encourages wanton infringement of trade-marks

by those who have sufficient funds to infringe extensively and are willing to confine their infringements to a single color. If the decision is allowed to stand, the owners of established trade-marks may find that they are relegated to the use of such marks in a single color, lest they interfere with the trade of infringers who have entered their territory over their protests. And if the mark is so distinctive in shape that a difference in color would not avoid confusion then the public is misled, with the sanction of the Court. The granting of this petition will prevent such anomalous and unjust situation.

Respectfully submitted,

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In the Supreme Court of the United States

OCTOBER TERM, 1943.

No. 469.

OIL CITY REFINERS, INC.,
Petitioner,

vs.

SOCONY-VACUUM OIL COMPANY, INCORPORATED,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

PETITIONER'S STATEMENT OF "SUBJECT-MATTER" IS INACCURATE.

Petitioner has misstated certain material facts. These misleading and inaccurate statements set forth in the Petition are herewith pointed out and clarified.

Petitioner has stated (Petition, p. 4) that Respondent's answer to Petitioner's counterclaim admitted the use by Petitioner of the symbol of a flying horse as a *Trade-mark*; that it admitted the Ohio registration by Petitioner of the flying horse as a *trade-mark*, and that it admitted that there had been negotiations, conferences and correspondence between the parties concerning *Petitioner's claim of infringement*. Those statements are all overstatements. Respondent's answer did admit the use by Petitioner of the symbol of a flying horse, but it did not admit that such use was a *trade-mark* use. It admitted the registration of the symbol by Petitioner under the Ohio Statute, but it did not admit that such registration was a *trade-mark* registration. It admitted that subsequent to October 27, 1937, there had been conferences between the parties,

but it does not admit that such conferences *concerned Petitioner's claim of* infringement, or that they occurred because of such claim.

Petitioner has further stated (Petition, pp. 5-7) what it contends are the findings of fact, and the conclusions of law made by the Master. The Petition contains the statement that the Master found as a fact that after October 1934, there was a partial cessation of the use of the mark by Petitioner at some of its stations. The use of the words "partial cessation at some of its stations" is grossly misleading. The facts as found by the Master upon this question are as follows:

> "(5). From April, 1934, and into September, 1935, nearly if not quite all of the defendant's stations then numbering about twenty-two, were devoted to sale of the products of the American Oil Company (Amoco) and the use of the flying horse as a mark practically was discontinued during this period.
>
> "(6). After September, 1935, and until the latter part of 1937, many (about twelve) of the defendant's stations were devoted to the sale of the Columbia Refining Company products and its signs and marks were used by the defendant at these stations. Some of the stations also displayed the mark of Hi-Speed Blue Flash gasoline product of the Pocahontas Oil Company and its successor. At some time in this period the defendant resumed the use of a flying horse as a symbol at some of its stations but the evidence of this is conflicting and unsatisfactory." (R. 51.)

The further statement is made that the Master found as a fact—"That when Petitioner, after partial cessation, resumed the use of the flying horse generally in September 1935 * * *." Again, the phrase "partial cessation" is misleading as heretofore pointed out, and the Master did not find as a fact that Petitioner resumed the use of the

mark generally in September 1935. The Master simply found, as a fact, that at some time during the period from September 1935 and the latter part of 1937, Petitioner resumed the use of a flying horse as a symbol "*at some of its stations*, but the evidence of this is conflicting and unsatisfactory."

The Petition contains the further statement that the Master concluded that Petitioner's cessation of the use of the mark did not amount to abandonment, and that Petitioner was not guilty of laches. That statement is only a half truth and is grossly misleading. The pertinent language in the Master's report relating to the questions of abandonment and laches is the following:

> "So far I have considered those questions of abandonment and laches as if their respective determinations were the only questions involved and upon which the decision of the case might rest.
>
> "But while I think that the determination of either question standing alone, would not justify a judgment for the plaintiff in this case, I am of the opinion that the facts and circumstances shown by the evidence upon these two issues are important upon what I consider to be the ultimate questions upon which such decision must rest.
>
> "It is this:
>
> Upon the entire record before us, what judgment should be rendered in order that substantial justice may be done as between these parties?" (R. 47.)

THE PETITION PRESENTS NO REVIEWABLE QUESTION.

There is no reviewable question of fact or of law presented by this Petition. The Petition represents an attempt on the part of the Petitioner to avoid the effects of the findings below and to divest the Petitioner of the fraud and unfair competition with which it stands charged in those findings. This attempt is followed with an argument based upon one narrow aspect of the case, namely, priority of

use, an argument which ignores all the vital facts and findings upon which the decisions below are premised. Respondent respectfully submits that unless and until this Honorable Court sees fit to reverse itself and review the concurrent findings of all courts below, and to indulge in such review in the face of a record so diminuted as to be wholly inadequate, for the purpose sought by Petitioner, there is nothing here to consider.

Petitioner contends that sixteen (16) questions are presented by the decision of the Circuit Court of Appeals. Substantially all such questions either assume a state of facts not established by the record before this Honorable Court, or postulate legal and equitable doctrines wholly inapplicable to the facts found and confirmed. The sixteenth such question relates solely to an award of costs by the Circuit Court of Appeals to one John Roski, who was a defendant and appellee in the courts below. John Roski is not a party to the Petition herein, hence, no relief may be rendered on his behalf pursuant to this Petition.

UNFAIR COMPETITION BY PETITIONER WAS FIRMLY ESTABLISHED.

(Petitioner's Argument III.)

The Petition should be denied, because it represents an attempt to reverse and rewrite the findings of fact of the Special Master, which were approved and confirmed by the District Court and the Circuit Court of Appeals.

This is exemplified on page 32 of Petitioner's brief. Although Petitioner has been found guilty, by the courts below, of deliberate fraud, disregard of public right and an intention to appropriate to itself a part of Respondent's good will and business, Petitioner argues:

> "Fraud, in the case at Bar, therefore, was not by the Petitioner, but by Respondent in wantonly appropriating Petitioner's trade mark in the territory where Petitioner had established it."

This argument, which was urged below, is now irrelevant and immaterial.

This Court accepts the concurrent findings of the lower courts and will not review the weight of the evidence. *Just v. Chambers,* 312 U. S. 383, 85 L. Ed. 903, 61 Sup. Ct. 687; *U. S. v. Bethlehem Steel Corp.* 315 U. S. 289, 86 L. Ed. 855, 62 Sup. Ct. 581; *Williams Company v. Shoe Machinery Corp.,* 316 U. S. 364, at page 367, 86 L. Ed. 1537, 62 S. Ct. 1179.

The findings of law complained of represent the well-settled principles of the law of unfair competition, applicable to the facts as found. Petitioner advances a confused argument about technical trade-marks, in criticism of the application of those principles, as and for a vehicle to this Court. The argument is without merit.

This argument on the part of Petitioner is to the effect that if a technical trade-mark is involved in an unfair competition case, a court of equity is permitted to consider priority of use only, and nothing else, even though the evidence has established that the Petitioner was guilty of deliberate fraud, disregard of public right and an intention to appropriate to itself a part of Respondent's good will and business. (R. 52, 53.)

A technical trade-mark is merely a classification in the field of trade-marks, and enjoys no privilege or favor, when unregistered (Petitioner's trade-mark was not registered under the Federal Act), except that in infringement and unfair competition cases, proof of fraud is unnecessary, whereas such proof is necessary when non-technical trade-marks are involved. *Safe-Cabinet Company v. Globe-Wernicke,* 3 O. App. 24, at p. 39:

> "* * * The objection made by defendant that many of plaintiff's cases are where a registered trade mark was being used and therefore do not apply, is not well taken, as the difference between the cases of the registered or technical trade marks and cases merely of trade names is in regard to the manner of proof—

> fraud being presumed in the first class of cases, while it must be proved in the latter class * * *."
>
> *Drake Medicine Company v. Glessner,* 68 O. S. 337, at 358, 67 N. E. 722.

Thus the designation is for the purpose of distinguishing those trade-marks which do not require proof of fraud in infringement and unfair competition cases. The distinction has to do solely with the burden of proof, and not at all with the principles of law and equity applicable, which principles are but a part of the broader law of unfair competition. *Hanover Star Milling Co. v. Metcalf,* 240 U. S. 403, at pp. 412-413, 60 L. Ed. 713, 36 S. Ct. 357.

Once jurisdiction is properly obtained, it "proceeds to deal with all grounds supporting it, including unfair competition with the marked article." *Armstrong Co. v. Nu-Enamel Corp*, 305 U. S. 315, at pp. 324, 325, 83 L. Ed. 195, 59 S. Ct. 191. Both the complaint and the counterclaim in this case, charged unfair competition. The case was disposed of on that issue, by the courts below. This Petitioner now claims something for a technical trade-mark, which has no basis in law or in fact. Its argument runs counter to the decisions of this Court, and does violence to a rule so thoroughly established "that any discussion of the cases in this and other courts affirming it would be useless." *Wagg v. Herbert,* 215 U. S. 546, at 551, 54 L. Ed. 321, 305 S. Ct. 218:

> "* * * it is well established that in a suit in equity between parties, in which fraud, oppression and undue influence are charged, the court is not concluded by that which appears on the face of the papers, but may institute an inquiry into the real facts of the transactions. So thoroughly is this doctrine established that any discussion of the cases in this and other courts affirming it would be useless. They rest upon elementary principles of equity. It is sufficient to refer to *Russell v. Southard,* 12 How. 139, and the many authorities cited in the opinion."

There is a further reason why the petition should be denied. Petitioner asks the impossible of this Court. The Master heard the conflicting testimony of 100 witnesses, considered 2,708 pages of Record and over 640 Exhibits. Only meager portions of the testimony of 13 witnesses and only 33 Exhibits appear in the Record in the Circuit Court of Appeals. The same condition exists in this Court. If review is permitted, obviously this Court would have to assume that the findings of fact made by the Master and approved by the courts below are sustained by the evidence. Since those findings establish that Petitioner was guilty of deliberate fraud, disregard of public right and an intention to appropriate to itself a part of Respondent's good will and business, the Petitioner could not be granted any relief by this Court.

THE REASONS RELIED UPON BY PETITIONER ARE UNSOUND.

Petitioner urges as its reasons for the issuance of a Writ of Certiorari—(1) that the Circuit Court of Appeals has decided an important question of local law in a way *probably* in conflict with applicable local decisions; (2) that said Court has decided an important question of trade-mark law which has not been and should be settled by this Court; and (3) that said Court has decided a question of trade-mark law in a way *probably* in conflict with the most applicable decision of this Court, namely, the decision in *United Drug Co. vs. Theodore Rectanus Co.* (248 U. S. 90).

The first such ground completely ignores the fact that the confusion which Petitioner seeks to abate *was of its own creation.* It caused the unfair competition in trade for which it seeks relief. Each court below has securely fastened on Petitioner the charge of unfair competition. Under these circumstances this Honorable Court will not substitute its judgment for that of the Master and the trial court. *Elgin National Watch Company vs. Illinois Watch*

Company, 179 U. S. 665, 674. There is no law in the State of Ohio in conflict with the general principles applicable hereto and Petitioner cites no local authorities in support of the first of its reasons for the issuance of the Writ sought.

The second ground advanced by Petitioner is wholly foreign to the decision of the Circuit Court of Appeals and is equally unimportant in this Court. Petitioner, in reality, contends under this ground that the Circuit Court of Appeals committed error in its refusal to apply the law of technical trade-marks to the exclusion of all other equitable principles.

Implicit in Petitioner's reasoning is the claim that the Circuit Court of Appeals was not empowered to consider all the issues, or the record of conflicting testimony as a whole, or to render "a decision in accordance with a correct balance of the equities of the case" (R. 49), although sitting as a Court of Equity. The suggested limitation is novel to Equity doctrine. Courts of equity "* * * are not bound by formula or restrained by any limitation that tends to trammel the free and just exercise of discretion." *Ford, et al. v. Buffalo Eagle Colliery Co. et al.,* 122 F. 555 at 563. The exercise of that discretion which courts of equity have applied continuously in the past, by balancing the equities and regarding the substance, is not error, but is the proper performance of the function and duty of such courts.

Peninsular Chemical Co. v. Levinson (C. C. A. 6) 247 Fed. 658;

Vogue Co. v. Thompson Hudson Co., et al. (C. C. A. 6), 300 Fed. 509;

White Tower System Inc. v. White Castle System of Eating Houses Corporation (C. C. A. 6) 90 Fed. (2d) 67;

Jenney Manufacturing Co. v. Leader Filling Stations Corporation, 291 Mass. 398, 196 N. E. 852.

The third reason relied upon by Petitioner assumes that the decision of the Circuit Court of Appeals is in conflict with the most applicable decision of this Court in *United Drug Co. v. Theodore Rectanus Co.* (248 U. S. 90). An examination of this Court's decision in the *Rectanus* case clearly shows that it has no application to the facts in the case now before the Court on this Petition. There was nothing in the *Rectanus* case, aside from the question of trade-mark infringement, to sustain the allegation of unfair competition. The use of the mark there was carried out by the parties and their respective predecessors—*in perfect good faith.* It has been established beyond peradventure that the Petitioner herein, in selecting a single symbol and remodeling it to resemble the mark of Respondent, did so for a sinister purpose. That such conduct, with design inimical to the interests of Respondent, will be restrained is clear from the decision of this Court in *Hanover Milling Co. v. Metcalf,* 240 U. S. 403, 415. When fraud, bad faith and unfair competition have been properly found and firmly attached to Petitioner, as has been finally determined, the process of this Court will not be slow to effectively intervene. Petitioner urges this Honorable Court to depart from its long established Equity doctrines and adopt a new concept of jurisprudence, however revolting, for the sake of expediency. As an aid to accomplishment of such objective Petitioner urges that the presence of its counterclaim, without more, ought to serve as a convenient conduit through which its established multifarious vices may pass unnoticed and re-appear, well cleansed, with ample virtue. The mere statement is sufficient proof of Petitioner's fanciful claim. It has no merit whatever.

RESPONDENT'S REGISTRATION AND USE ABROAD.

(Petitioner's Argument II.)

Petitioner has pointed out (Petition, p. 31) that under the decision in *United Drug v. Rectanus* (248 U. S. 90) neither Respondent's prior federal registration, nor its prior use of the mark abroad has given Respondent any right as against Petitioner in Ohio. Respondent has never contended otherwise and the Master so stated in his report. (R. 29.)

Petitioner, however, has made the statement that the District Court based its conclusions on Respondent's prior federal registration and on its prior use of the mark abroad. Respondent does not so concede. The mere fact that the District Court recited in its opinion, and in its judgment, that Respondent had registered its trade-mark in 1911 and that it had used the mark in foreign trade since 1916, does not mean that its decision of the case is *based* upon those established facts, or that the decision would be otherwise if such facts were not established. The judgment of the District Court confirms the Master's findings of fact, and his conclusions of law, except as modified with respect to the relief granted. It is clear that the judgment of the District Court, as affirmed by the Circuit Court of Appeals, in no way rests for support either on Respondent's prior registration, or upon its prior use of the trade-mark abroad. It is equally clear that Respondent's evidence amply demonstrated, by way of historical outline, its conception and registration of the trade-mark in 1911, and its use abroad for a great number of years before adopting it in the United States as its national symbol.

THE OHIO LAW.

(Petitioner's Argument IV.)

Certainly the Ohio law controls. It is in accord with the general law. In Ohio, as anywhere else, if the sole issue of fact, in an unfair competition case involving a technical trade-mark, was the single and narrow question of priority of use, the party first in time would prevail. That is the rule followed in the cited Ohio cases where such single and narrow issue was involved. Petitioner seeks to convey the impression that the issues were likewise limited in this case. They were not. The Special Master held, quoting from *Jenney Manufacturing Company v. Leader Filling Stations Corporation,* 291 Mass. 398, 196 N. E. 852, 26 U. S. P. Q. 185:

> "The issue presented is not merely one of priority of use, but rather of superiority of right to the protection of the court." (R. 48.)

The Special Master further said upon this subject:

> "Upon the entire record before us, what judgment should be rendered in order that substantial justice may be done between these parties?"
>
> "And in this case the conclusion, I think, must be reached with some regard for the public interest involved." (R. 47.)

In judging "the entire record," in order to do substantial justice and "with some regard for the public interest involved" consideration of the following factors was required, namely, (1) Petitioner's original use of trade symbols which were widely different from Respondent's trade-mark, which trade symbols, except for Respondent's extensive advertising, "had little significance in connection with the good will of defendant's (Oil City Refiner's, Inc.) business" (R. 49); (2) Petitioner's cessation of use over a long period of time when Respondent was widely advertising its products under its trade-mark; (3) Petitioner's

resumption of use, knowing the trade value which then attached to Respondent's trade-mark, and (4) Petitioner's use, finally, of the flying red horse more closely resembling Respondent's trade-mark. Consideration of these issues led to the following conclusion of law:

> "The entire circumstances of defendant's conduct in cessation of use of this symbol to identify its trade and product over the period of time when such cessation is shown, its resumption of use of the symbol, knowing of the trade value which had been attached to it by the plaintiff, and finally using a red flying horse to the exclusion of any other color, are such as to indicate a disregard of the public right and an intention to appropriate to itself a part of plaintiff's good will and business, which should not be permitted." (R. 52, 53.)

Consideration of these issues, by the Circuit Court of Appeals, led to the following statement which appears in the opinion, of that Court. (R. 272.)

> "Oil City (Petitioner), over the course of the years, has used various trade symbols. To permit it to select out of this group a single symbol and remodel it to resemble the mark of each new competititor entering the territory where Oil City is doing business, would broaden the scope of legitimate monopoly into the field of unfair trade."

Thus, there was not one single issue, as Petitioner attempts to indicate. On the contrary, the issues were sufficiently numerous and complex to compel disposition of the case by application of the test, namely, which party was entitled to "superiority of right to the protection of the court." (R. 47.)

There remains the question of the effect of Petitioner's registration (after filing of the complaint herein) under Ohio General Code Sec. 6240, sub-sections 1-4. The Special Master found that "the respective rights of the parties upon the evidence in this case are not affected by defendant's (Petitioner's) registration in Ohio under the

Ohio statute." (R. 53.) The findings of the Special Master were approved.

Registration, under an Ohio statute after the complaint in this case was filed, cannot confer a title to a trade-mark, if some other individual has acquired a superior right. *Bisceglia Bros. Corporation v. Fruit Industries, Ltd.* (D. C. E. D., Pa.), 20 F. Supp. 564, 567; affirmed (C. C. A. 3rd) 101 F. (2d) 752; cert. den. 307 U. S. 646, 59 S. Ct. 1043, 83 L. Ed. 1526; *Sweet Sixteen Co. v. Sweet "16" Shop, Inc.* (C. C. A. 8th), 15 F. (2d) 920, 921, 924; *General Shoe Corporation v. Rosen* (C. C. A., 4th), 111 F. (2d) 95, 97; *Harvey v. American Coal Company* (C. C. A. 7th), 50 F. (2d) 832, cert. den. 284 U. S. 669, 52 S. Ct. 43, 76 L. Ed. 566; *Coca-Cola Company v. Stevenson* (D. C. S. D., Ill.), 276 F. 1010, 1015, 1016.

Furthermore, Ohio General Code Section 6240, subsections 1-4, and Petitioner's acts thereunder, have no relevancy in the disposition of this case. That statute is a part of the "police regulations" of the state of Ohio, and relates solely to the subject of proof of ownership of personal property, not to the subject of trade-marks or unfair competition. It is, in short, a "milk bottle statute" which was intended to be used for the identification of personal property, in replevin cases. A copy of the statute is attached hereto as an appendix. Examination thereof will promptly demonstrate that no Ohio Trade-Mark statute is ever remotely involved in this case.

JURISDICTION OF COUNTERCLAIM.

(Petitioner's Argument V.)

Petitioner's counterclaim was just as much before the court as Respondent's charge of unfair competition, as Petitioner alleges. The counterclaim charged infringement and unfair competition and sought relief on both grounds. (R. 8, 9.) Under the issues it was proper to dispose of the complaint and the counterclaim on the ground

of unfair competition as the courts below have done. Furthermore, the fact that a technical trade-mark was involved is immaterial under the facts found, because such mark enjoys only the benefit pointed out in Respondent's argument, hereinbefore, entitled "The Law of Unfair Competition was Properly Applied Below." Petitioner's argument to the contrary represents the high point of the confusion existing in the Petition and the argument in support thereof.

THE FINDINGS ARE CLEAR AND WERE PROPERLY UNDERSTOOD BY THE COURTS BELOW.

(Petitioner's Argument VI.)

Petitioner charges that:

> "The Court of Appeals fell into a grave error in assuming that the Master had found that the petitioner had 'sporadically' used the representation of the *flying horse* as a trademark, whereas all that Master held in that connection was that the use of the color *red* for petitioner's flying horse was sporadic."

In describing the Master's findings, the Circuit Court of Appeals said:

> "The use of a red horse during this period was sporadic." (R. 268.)

The Master found:

> "Such use of a *red* horse as there may have been was inconspicuous and sporadic."

Since the court's language was almost identical with that of the Special Master, there is no justification for Petitioner's statement first quoted.

Petitioner quarrels about the court's use of the word "remodel." (R. 272.) The Court also used the word "refined" (R. 271, 272) in describing the Master's diction, namely, a "somewhat less streamlined type of flying horse." (R. 48.)

The court's words bear the same connotation as those of the Special Master, namely, that there was a remodeling of, and a change, in Petitioner's symbol. In the same paragraph (p. 37), Petitioner makes two serious misstatements of fact, namely:

> "It is admitted by both parties that respondent's original portrayal of a flying horse was confusingly similar to that of petitioner."
>
> "The insignificance of any change made in petitioner's portrayal of its flying horse is evidenced, for instance, from a comparison of petitioner's early flying horses * * *"

There is nothing in the record to support the statement first quoted, and it is untrue, because Respondent's position in the courts below was that Petitioner's original symbol was not confusing or objectionable. It became confusing and objectionable when it committed the acts of fraud with which it stands charged in the findings and judgment below. The second statement is likewise untrue. The significance of the changes made by the Petitioner is very great and important. The evolution of those changes is portrayed in the sequence of exhibits beginning with Exhibit 81 and ending with Exhibit 22, in the certified copy of the record. (R. 109-149.) Only the certified copy of the record filed by Petitioner contains true copies of the Kodachrome exhibits. These true copies of the exhibits were omitted from all other copies of the record filed by the Petitioner in this Court. A cursory examination of these exhibits will demonstrate the incorrectness of the statement last quoted above.

Petitioner further says (p. 38):

> "The Court of Appeals implies that if petitioner had used only a white flying horse, he could have stopped the use of a red flying horse by respondent."

Again, this is an incorrect statement. What the court said was (R. 270, 273):

> "The Master found that Oil City was the first user of the flying red horse as a trade symbol of the Cleveland territory and the court adopted this theory * * * If nothing else appeared in the case, this finding would be sufficient to support Oil City's counterclaim, and it would be entitled to an injunction against Socony, but even though Oil City was the first user of the trademark, *it is not thereby relieved of the charge of unfair competition* and if this charge is supported by the findings of the Master, the court was correct in dismissing its counterclaim * * * Had Oil City been content to let its products make their own way under its own trademark in the field of opportunity and fair competition, that would have been the end of it, but it availed itself of unfair means, either expressly or tacitly, to sell its products to the ultimate purchaser as and for those of Socony." (Italics ours.)

Thus the Petitioner seeks to charge the Court of Appeals with implying that, if it had used only a white flying horse, it could have stopped the use of a red flying horse by Respondent, *even though it was guilty of the fraudulent acts found.* The court did not imply any such thing. All it said was that, if there had been the single point at issue, of prior use, without the finding of fraud on the part of the Petitioner, then the Petitioner would have been entitled to an injunction.

Since the argument of Petitioner is, in effect, that color, i.e., change from white to red, is immaterial, and since the Ohio law controls, the opinion of the court in *Safe Cabinet Company vs. Globe-Wernicke Company,* 3 O. App. 24, cited by Petitioner is significant. It was there held that imitation of color *in combination with other circumstances of fraud* (as here) "show that it (the defendant) was actuated by the desire to gain the benefit of the expense and effort that had been borne by plaintiff in stimulating and creating a market for its product." The holding of the Circuit Court of Appeals (R. 271) is to the same effect:

"Color is frequently an important factor in determining the question of unfair competition."

ABANDONMENT AND LACHES WERE MATERIAL ISSUES.

(Petitioner's Argument VII.)

Petitioner argues (Petition, pp. 39, 40) that since the Master failed to hold that there was a technical abandonment of the mark by Petitioner, or that Petitioner was guilty of laches, that there can be no justification for the decisions of the courts below.

While it is true, as Respondent has heretofore pointed out, that the Master was of the opinion that the determination of *either of these questions standing alone* would not justify a judgment for Respondent, he definitely held that the facts and circumstances shown by the evidence upon the issues of abandonment and laches were important in determining the ultimate questions upon which his conclusions were based. (R. 47.)

That the evidence upon the issues of abandonment and laches was given great weight in the final determination is readily apparent from the following conclusions of the Special Master, affirmed below:

"Upon the entire record before us, what judgment should be rendered in order that substantial justice may be done as between these parties?

"And in this case the conclusion, I think, must be reached with some regard for the public interest involved." (R. 47.)

"The entire circumstances of the defendant's conduct in cessation of use of this symbol to identify its trade and products over the period of time when such cessation is shown; its resumption of use of the symbol knowing of the trade value which had been attached to it by the plaintiff, and finally using a red flying horse to the exclusion of any other color, are such as to indicate a disregard of the public right and an intention to appropriate to itself a part of the plaintiff's good

will and business, which should not be permitted." (R. 52, 53.)

PETITIONER GUILTY OF FRAUD, NOT RESPONDENT.

(Petitioner's Argument VIII.)

Petitioner argues that:

> "The Court of Appeals has treated this case as if petitioner were guilty of fraud by using its own trade mark in a way to curtail or interfere with the infringing activities of respondent in petitioner's territory; but the fraud in this case was by respondent in wantonly and extensively using the flying horse as a trade mark for petroleum products in Ohio over the protest of petitioner."

Unquestionably the Circuit Court of Appeals held that Petitioner was guilty of fraud. That was what the Special Master found and what the District Court held. The Circuit Court of Appeals very properly refused to disturb these findings. Petitioner's fraud, its disregard of public right and intention to appropriate Respondent's good will and business are settled and unchangeable facts and findings in this case. To now allege that Respondent was guilty of fraud is a misstatement of the Record and exactly contrary to the findings below. As stated above, it is an attempt by Petitioner to rewrite and reverse the findings of fact of the Special Master, which were approved and confirmed by the courts below. It is an attempt by Petitioner to obtain a review by this Court, of the concurrent findings of the lower courts, contrary to the established rule.

COSTS.

(Petitioner's Argument IX, X.)

Petitioner argues, in substance, that it should have been awarded the costs below, because the judgment should have been in its favor. The answer is that the judgment

was against the Petitioner and the costs were properly awarded in the sound discretion of the Court.

The Petition also makes reference to the allowance of costs on appeal to defendant John Roski, and failure to allow his costs in the District Court. A court of equity may exercise discretion on the subject of costs. It may impose them all upon one party, or divide them as it sees fit. Appeal does not lie from a decree for costs; and if an appeal on the merits is affirmed with respect thereto, the decree will not be reversed upon the question of costs.

Kittredge v. Race, et al., 92 U. S. 116, 23 L. Ed. 488;
DuBois v. Kirk, 158 U. S. 58, 39 L. Ed. 895, 15 S. Ct. 729;
Van Kannel Revolving Door Co. v. Uhrich, et al., (C. C. A. 8th), 297 Fed. 363, cert. den. *Uhrich v. Van Kannel Revolving Door Co.*, 45 S. Ct. 91, 266 U. S. 604, 69 L. Ed. 463.

Furthermore, Petitioner cannot complain about this ruling, which does not affect it, but only affects John Roski who is not a party to the Petition herein.

CONCLUSION.

For the reasons herein set forth, the Petition for a Writ of Certiorari should be in all respects denied.

Respectfully submitted,

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APPENDIX.

Ohio General Code Sections 6240-1 to 4, inclusive.

"Sec. 6240-1. *Registration of names, marks, brands, etc., of ownership.*—That any and all persons or corporations who may be the owners of cans, tubs, firkins, boxes, bottles, casks, barrels, kegs, cartons, tanks, fountains, vessels or containers, with his, her, its or their names, brands, designs, trade marks, devices, or other marks of ownership stamped, impressed, labeled, blown in or otherwise marked thereon, may file with the secretary of state, and also with the clerk of the court of common pleas of the county in which such person or persons or corporation may have his, her, its or their principal place of business, a written statement or description verified by affidavit of such owner or his, her or its agent, of the names, brands, designs, trade marks, devices or other marks of ownership so used by him, her, it or them, and of the said article or articles upon which the same are used; or if such principal place of business be without this state, then such written statement or description so verified may be filed with the clerk of the court of common pleas, of any county of this state. (102 v. 513, Sec. 1.)

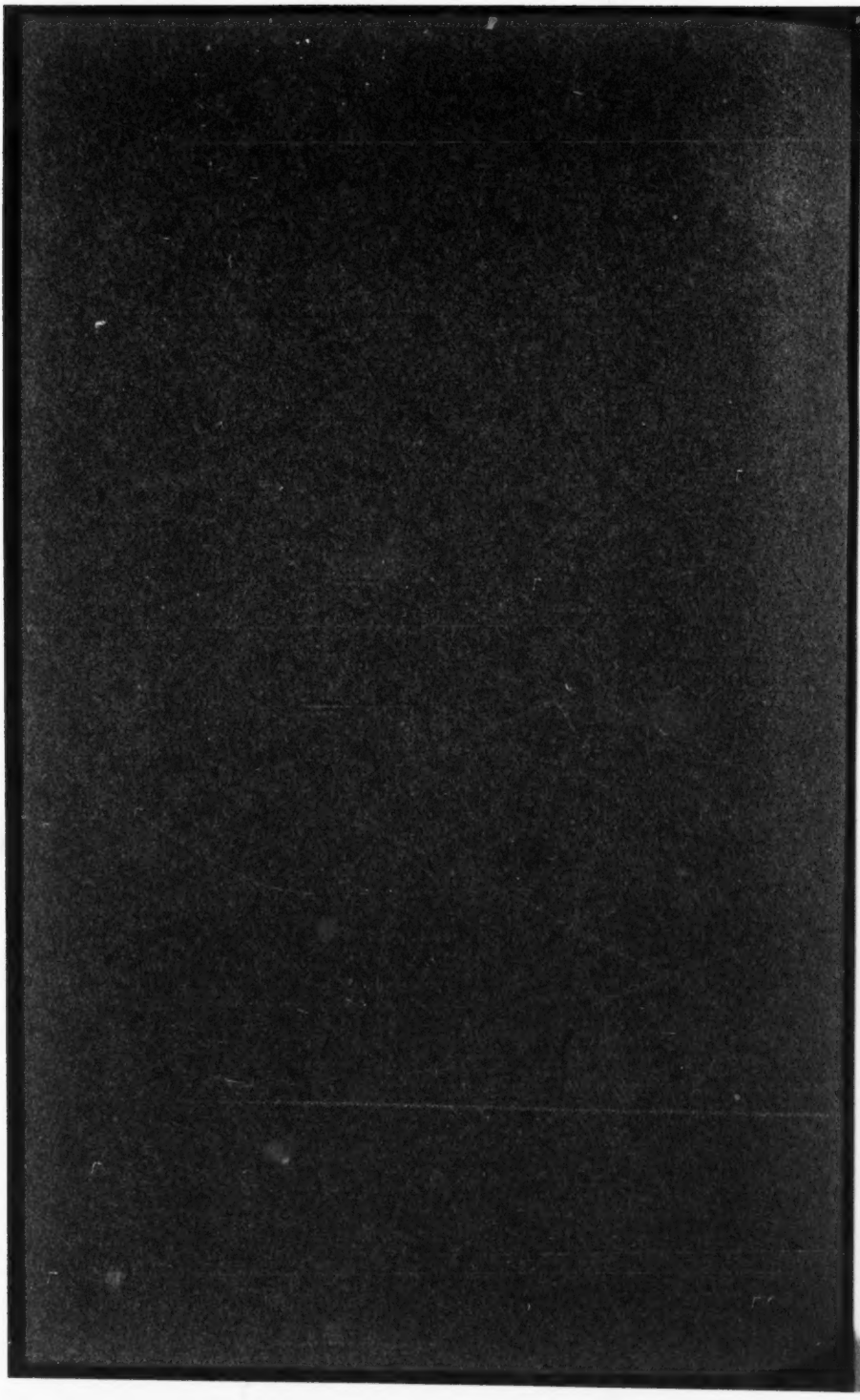
"Sec. 6240-2. *Publication of statement and proof.*—The statement provided for in section 1 of this act shall be published once a week for four successive weeks in a newspaper printed in the English language, and of general circulation in the county in which such notice may have been filed with the clerk of the court of common pleas as aforesaid; a copy of which publication proved in the same manner as proof of publication is now required to be made by law, when no special mode of proving the same is provided, shall also be filed with the secretary of state, and with the clerk of the court of common pleas of the county, where such statement is filed.

Record.—All such written statements or descriptions and all such certificates of publication so filed with the clerk of the court of common pleas, shall be recorded by him in a book to be kept by him for such purpose; and such book shall be subject, at all reasonable hours, to the in-

spection of all persons who may choose to inspect the same. (102 v. 513, Sec. 2.)

"Sec. 6240-3. *Certified copies.*—The secretary of state and the clerk of the court of common pleas, of the county where such statement is filed, shall deliver to any person who may apply therefor, upon payment of the fees herein provided, copies of all such written statements or descriptions of names, brands, designs, trade marks, devices, or other marks of ownership, and of all certificates of publication so filed with them, duly certified to by them in the usual manner; and such certified copies so made by either the secretary of state or the clerk of the court of common pleas of the county where such statement is filed, shall be admissible in evidence in any suit, action or proceeding in law under this act, and shall be prima facie evidence that the provisions of this act have been complied with, and also prima facie evidence of the title of the owner or owners named therein, to the property upon which the name, brand, design, trade mark, device or other mark or marks of ownership of such owner or owners may appear as described therein. (102 v. 513, Sec. 3.)

"Sec. 6240-4. *Fee.*—The secretary of state and the clerk of the court of common pleas shall each receive a fee of one dollar ($1.00), for each statement and certificate of publication filed, and also a fee of one dollar ($1.00), for each certified copy of such statement and certificate of publication. (102 v. 514, Sec. 4.)"



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In the Supreme Court of the United States

OCTOBER TERM 1943.

No. 469.

OIL CITY REFINERS, INC.,
Petitioner,

vs.

SOCONY-VACUUM OIL COMPANY, INCORPORATED,
Respondent.

REPLY BRIEF FOR PETITIONER ON PETITION FOR WRIT OF CERTIORARI.

FRAUD BY RESPONDENT.

No one can be guilty of a *wrong* unless he has violated someone's *right*.

And what right has respondent to use the symbol of a flying horse as a trade-mark for petroleum products in the State of Ohio? None whatever!

As stated by the Court of Appeals:

> "The court and Master found that Oil City had a prior right in the Cleveland territory to the use of the flying horse as a trade symbol and Socony accepts this finding." (R. p. 273.)
>
> * * * * *
>
> "Under the laws of Ohio a valid trademark territorially extends to the entire state. Independently of the statute, the trademark of Oil City extended to the entire state under the rule laid down in the case of *Western Oil Refining Company v. Jones*, 27 F. (2d) 205 (C. C. A. 6)." (R. p. 274.)

That the first to use a technical trade-mark obtains the exclusive right to such use is pointed out by this Court in *Amoskeag Manufacturing Company vs. David Trainer*, 101

U. S. 51. Although the Court in a majority of opinion held that the particular mark in question was not capable of exclusive use because it designated a quality of the goods on which it was used, nevertheless it affirmed the rule that the first to use a technical mark is entitled to the exclusive use thereof by stating:

> "The general doctrines of the law as to trade marks, the symbols or signs which may be used to designate products of a particular manufacture, and the protection which the courts will afford to those who originally appropriated them, are not controverted. Everyone is at liberty to affix to a product of his own manufacture any symbol or device, not previously appropriated, which will distinguish it from articles of the same general nature manufactured or sold by others, and thus secure to himself the benefits of increased sale by reason of any peculiar excellence he may have given to it. The symbol or device thus becomes a sign to the public of the origin of the goods to which it is attached, and an assurance that they are the genuine article of the original producer. In this way it often proves to be of great value to the manufacturer in preventing the substitution and sale of an inferior and different article for his products. It becomes his trade mark, and the courts will protect him in its exclusive use, either by the imposition of damages for its wrongful appropriation or by restraining others from applying it to their goods and compelling them to account for profits made on a sale of goods marked with it."

The outstanding fallacy in the reasoning of each of the lower courts and of the Master is the ignoring by them of the fundamental premise that Socony must have had a *right* to use the flying horse as a trade-mark for petroleum products in the State of Ohio to cause *any* use of such mark by Oil City to be unfair competition.

The Court of Appeals properly points out that "unlike the infringement of technical trade-marks, unfair competition does not necessarily involve the violation of any *exclusive* right in complainant to use the names and symbols

employed by the defendant. There may be unfair competition resulting from an unauthorized and improper use of such names and symbols although the complainant has no *property* right in them as a trade-mark." (Italics ours.)

But Socony must have had *a right* to use the mark to enable it to complain of unfair competition in use by another. Property right referred to by the court is an *exclusive* right, and it is well understood that an exclusive right is not essential to maintaining a charge of unfair competition, but there must be *a right,* and this is the point on which this whole case turns. Socony had no right to use the mark in Ohio, and it does not answer the question to say that because it had no exclusive right there still might be unfair competition against it.

The Court of Appeals in its opinion states the law that "in cases involving technical trade-marks the fraudulent attempt to deceive is presumed." Therefore, when Socony invaded Oil City's territory and appropriated Oil City's trade-mark, it was guilty of fraud, which means that it had no right to use that mark in that territory, and having no right to use the flying horse in Ohio, it makes no difference in what form or color Oil City portrayed its mark.

We know of no case (except this one) which holds that a wrongdoer by reason of his invasion of an *exclusive* right, can acquire, by reason of his very act of wrongdoing, a right superior to that of the party he has wronged.

> "The governing principle is 'that whenever a party who, as an actor, seeks to set the judicial machinery in motion and obtain some remedy, has violated conscience, or good faith, or other equitable principle, in his prior conduct, then the doors of the court will be shut against him *in limine*; the court will refuse to interfere on his behalf, to acknowledge his right, or to award him any remedy'."
>
> (*Keystone Driller Company v. General Excavator Company,* 290 U. S. 240, 245.)

Or, as was said by the Supreme Court of Tennessee, in a trade-mark case, *C. F. Simmonds Medicine Company v. Mansfield Drug Company,* 93 Tenn. 84, 94 (1893):

> "* * * if his claim to relief grows out of, or depends upon, or is inseparably connected with his own prior fraud, he will be repelled at the threshold of the Court."

It is almost inconceivable that when Socony entered the Ohio territory it did not canvass conditions there existing and know perfectly well that Oil City was using the flying horse as a trade-mark. But even if Socony's entry into Ohio had been entirely innocent, that innocence stopped when they were notified by Oil City of their infringement, and when they continued it thereafter in defiance of Oil City's rights. (*Straus v. Notaseme Hosiery Company,* 240 U. S. 179.)

As a matter of fact, Oil City's notice to Socony was *before* any use by the latter on the goods in Ohio, and was based on their preliminary newspaper advertising.

Respondent endeavors to hide its own fraud by charging, and reiterating *ad nauseam,* that petitioner has been found guilty of fraud by trespassing on respondent's rights, without attempting to explain how respondent ever acquired any rights to the flying horse trade-mark in the State of Ohio.

In the first place, neither the Master nor either of the Courts stated that petitioner was guilty of fraud.

The closest the Master came to asserting fraud by petitioner was his conclusion that "the entire circumstances of defendant's conduct" * * * "are such as to indicate a disregard of the public right and an intention to appropriate to itself a part of plaintiff's good will and business." (R. p. 52.) The District Court, in overruling the exceptions and confirming the Master's report, in effect adopted this conclusion.

The closest the Court of Appeals came to it was to hold that Oil City "availed itself of unfair means, either expressly or tacitly, to sell its products to the ultimate purchaser as and for those of Socony" (R. p. 273); after it had set out, "nor is there any direct evidence that Oil City by its conduct deliberately intended to appropriate the business of Socony." (R. p. 271.)

Not only is there no evidence that petitioner was passing off its goods as those of respondent, but there is positive evidence that petitioner sought to minimize the confusion while preserving its rights to the flying horse trade-mark. Please note on the very exhibits which respondent considers of sufficient importance to warrant their expensive reproduction in color, R. pp. 141 to 145 (see certified copy for color), that petitioner has associated with its flying horse the legend "The Original Flying Horse." Petitioner was trying to maintain its trade-mark and at the same time advise the public that they must not confuse respondent's appropriation of the mark with the genuine.

All of the tribunals found that petitioner was the first to use the flying horse as a mark; that petitioner had used the mark in various colors, including sporadic use of the color red, before respondent started to use the mark in Ohio, or elsewhere in the United States for that matter, and they held that petitioner's subsequent substantially exclusive use of a red color should be enjoined.

The absurdity of respondent's contention is its assertion that respondent possessed *goodwill* in the flying horse mark superior to that of petitioner. The facts are that respondent willfully and wantonly infringed petitioner's rights, and persisted in the infringement after notice, and that petitioner's prior use of the mark had been adequate to constitute a trade-mark use (R. p. 52). If, therefore, the respondent had any "will" it was not "good" will but "bad" will. Its persistent infringement of a technical trade-mark after notice was fraudulent, *ab initio*. At what

stage of the proceedings, then, did respondent's fraud become virtuous and petitioner's virtue became fraudulent?

> "One cannot be guilty of fraud by doing what he has a legal right to do. A court does not inquire into one's motives for doing a lawful act." (*Prudential Ins. Co. of America vs. Bohlken*, 40 F. Supp. 494—District Court for the Western District of Missouri, quoting the Supreme Court of Missouri in *Owens vs. Owens*, 146 S. W. 2nd 569, 577.)

Significantly enough, respondent's brief utterly ignores this proposition, but it is primarily to such error of the courts that petitioner's prayer for a writ is directed.

The Master made a reference to the actions of petitioner as indicating a "disregard of public right" (R. p. 52) but he does not explain how any public right can spring from respondent's wrong. The right of the public is a general right not to be misled by an infringement of an established trade-mark. They were misled by respondent's infringement.

One might theorize that the public would be benefited by an infringement of an owner's technical trade-mark, in that the public might thereby obtain goods at more places or at a less price, but any such benefit must be subordinated to the public's right not to have confusion thrust upon them. The Court of Appeals thought that "the confusion which Oil City seeks to abate was of its own creation" (R. p. 270). Contrariwise, the confusion resulted from Socony's wanton invasion of Oil City's trade-mark rights.

At the expense of reiteration, we point out that the uncontested findings of the absence of abandonment, and of the absence of laches, have left the petitioner in the same position today that it enjoyed in January of 1933, insofar as concerns petitioner's right to exclusive enjoyment in all of the symbols of flying horses as a trade-mark for petroleum products. (*Menendez v. Holt*, 128 U. S. 514.)

If we go back to the situation in the year 1932, petitioner had built up a nice business among clientele in Ohio under the red flying horse trade-mark, as illustrated by his radio broadcasts in 1931 (R. pp. 214 to 220), urging that people call at "the sign of the flying red horse" for their gasoline, but respondent saw fit to violate petitioner's rights to that trade-mark by coming into the Ohio territory with the display of a flying horse as a trade-mark, over the protest of petitioner. That was a fraud on the part of the respondent, which has continued to this day.

Under the authority of *McLean v. Fleming,* 96 U. S. 245, the first to use a mark to a sufficient extent to make it constitute his trade-mark is entitled to the *exclusive* enjoyment of that mark in the territory of use. The decision states:

> "In such cases, the question is not whether the complainant was the original inventor or proprietor of the article made by him, and on which he puts his trade-mark, nor whether the article made and sold under his trade-mark by the respondent is equal to his own in value or quality; but the court proceeds on the ground that the complainant has a valuable interest in the good-will of his trade or business and, having adopted a particular label, sign or trade-mark, indicating to his customers that the article bearing it is made or sold by him or by his authority, or that he carries on business at a particular place, he is entitled to protection against one who attempts to deprive him of his trade or customers by using such labels, signs or trade-mark without his knowledge, or consent. *Coats v. Holbrook,* 2 Sandf. Ch. 586; *Partridge v. Menck,* 2 Barb. Ch. 101."

PETITION PRESENTS A REVIEWABLE QUESTION.

Respondent alleges that the petition represents an attempt to avoid the effects of findings below.

It is true that petitioner in questions 7, 11, and 12 referred to findings which are believed to be obviously

erroneous, in view of the evidence, but such findings are not controlling as to the major issue on the question of law. The "various trade symbols" (R. p. 272) mentioned by the Court of Appeals, as having been used by petitioner, were billboard signs that were not a use on the goods, and technically, therefore, were not trade-marks. *Columbia Mill Company v. Alcorn,* 150 U. S. 460. That case was cited in *Gray v. Armand Company* (App. D. C. 1928), 24 F. (2d) 878, 879, where the Court said:

> "The mere advertisement of the word or symbol without application to the goods themselves is insufficient to constitute a trade-mark."

There is no evidence in the case to show that Oil City at any time used anything other than a flying horse *on the goods.* Exception No. 3 (R. p. 54) and the testimony designated Exhibit B (R. pp. 87, 88).

That petitioner's use of the mark was not limited to the color red at any time, see the testimony, Exhibits B and C (R. pp. 87 to 89). Exhibit 570 referred to in the Allen testimony (R. p. 89) is in the record at R. p. 99.

That petitioner did not remodel its mark is pointed out in detail at page 37 of the petition; and that petitioner did not use the flying horse "sporadically" prior to October, 1932 has been pointed out in detail in the petition at page 38.

The petition is not to change the major findings of fact at all, but to apply the proper law to those facts. The law which the Court below did not follow is that "when there is infringement of a technical trade-mark, fraud by the infringer is presumed." It was this fraud by the respondent which was overlooked by the Courts below but which by established principles of equity jurisprudence precludes respondent from maintaining its suit, as heretofore pointed out.

Running through respondent's brief is the contention that petitioner is now attempting to change the findings of fact of the Special Master. That statement is unsupported

by the principal questions presented in petitioner's application for the writ. Petitioner seeks to change the conclusions of law drawn from those findings of fact.

For example, it was found that petitioner had an established right in the symbol of a flying horse as a trade-mark before respondent commenced to use it in Ohio. It was also the finding that respondent was duly notified but persisted in using the mark. It was further found that petitioner partially suspended use of the mark, at some stations, for a period of time, but that such cessation of use did not constitute abandonment.

What petitioner seeks by the petition is not an alteration of the main findings of fact but rather the conclusions of law resulting therefrom, and the applicability of the proper decisions which govern the rights of parties in a conflict involving a technical trade-mark.

ALLEGED DIFFERENCES IN SHAPE OF FLYING HORSES.

Respondent's contention now is that there was no confusion between petitioner's horse as originally used and respondent's horse, but that there was confusion between petitioner's horse and respondent's horse after 1940. The assumption here is that there is sufficient difference between the horses of 1940 and those of 1933 to warrant a conclusion of lack of confusion in 1933. The fallacy of that contention is shown by petitioner's notice of infringement, January 19, 1933, alleging confusion, and respondent's reply of February 1, 1933 alleging priority of registration and use of the mark (R. pp. 10; 38).

The contention of absence of confusion by virtue of alleged differences in shape is unsound because the Master has found that the difference is not material (R. p. 35). Moreover, this Court in *McLean v. Fleming, supra* has pointed out that exact similitude is not necessary. The Court stated:

> "What degree of resemblance is necessary to constitute an infringement is incapable of exact definition, as applicable to all cases. All that courts of justice can do, in that regard, is to say that no trader can adopt a trade-mark, so resembling that of another trader, as that ordinary purchasers buying with ordinary caution, are likely to be misled."

Not only was confusion pointed out in petitioner's notice of infringement on January, 1933, but in addition, in petitioner's counterclaim (R. pp. 8 and 9). The District Court asserted that confusion is bound to exist even with petitioner's use of a flying white horse. Therefore the issue of confusion is before this Court on petitioner's contention regardless of what respondent now thinks or contends about that question. It is significant that respondent did not deny confusion in 1933, and it was not denied in their Answer to petitioner's Counterclaim. Their denial now is a mere expediency.

Significantly, the very fact, that the difference between a white horse and a red horse is insufficient to avoid confusion, was held by the Court of Customs and Patent Appeals in a recent decision entitled *D. J. Bielzoff Products Co. vs. White Horse Distillers, Ltd.*, 43 U. S. P. Q. 397 (Dec. 1939), which involved a trade-mark opposition between a red horse and a white horse. The sole issue was whether the marks would be likely to cause confusion in the mind of the public, and it was held that confusion would be likely. With respect to the differences in color the Court said:

> "It would seem to be clear that if appellant is entitled to register its 'Red Horse' trade-mark for use on its alcoholic beverages in view of appellee's 'White Horse' and 'Black Horse' trade-marks, other producers of alcoholic beverages might well argue that they were entitled to the registration of such trade-marks as 'Brown Horse,' 'Gray Horse,' 'Sorrel Horse,' 'Bay Horse,' and possibly other similar marks for use on such beverages.

> That the use and registration of such marks on alcoholic beverages would destroy the value of appellee's registered marks, is so apparent as to require no discussion."

In the foregoing case, one symbol embodied a rearing red horse with a rider thereon, while the other symbol was the representation of a standing white horse without a rider.

OHIO LAW.

Respondent admits that the Ohio law controls, but has not answered why the Ohio decisions cited by petitioner do not apply. The Ohio decisions are uniformly to the effect that the first to adopt and use a trade-mark is entitled to the exclusive use thereof throughout the State of Ohio. That proposition is in accordance with Federal decisions, as set out under "Ohio Law" in Oil City's Petition for Rehearing in the Court of Appeals (R. pp. 287-293).

The holding by the Appellate Court of a superior right in respondent as against petitioner's exclusive right is an error resulting from applying the law pertaining to *descriptive* marks instead of that pertaining to *technical* trade-marks. The respondent now suggests that the only difference between technical trade-marks and descriptive marks is the advantage gained in the matter of proof, admitting that in a technical trade-mark case fraud by an infringer is presumed, while in a descriptive trade-mark case fraud must be proven. Such contention does violence to the established law of technical trade-marks. *Menendez vs. Holt*, 128 U. S. 514.

The reason for identifying a mark as a technical trade-mark is to connote automatically an exclusiveness of the right of use in the territory preempted, as distinguished from a descriptive mark, which might be a word in general use, and therefore incapable of exclusive appropriation. The Courts below have treated this case as though the mark

were a descriptive mark, and have cited no authority to support the proposition whereby the owner and first user of a technical trade-mark can lose his right to exclusive appropriation so that he can be enjoined from using the mark in a certain color, based upon an infringer's alleged right to exclusiveness in that color, particularly where the infringer had notice of the owner's claim at the time the infringer commenced to use the mark.

OHIO REGISTRATION.

Respondent points out that the petitioner's registration under Ohio law has no value in establishment of petitioner's rights. They refer to the Ohio statute as a police regulation governing rights solely for the recovery of personal property having the trade-mark thereon. It is petitioner's position that its rights of exclusive ownership in the flying horse symbol are derived by virtue of the common law, and that the Ohio registration is not necessary to insure relief from infringement thereof. The registration, however, is important in that it shows that Ohio affords state wide recognition of the mark.

RESPONDENT'S FOREIGN USE AND FEDERAL REGISTRATION.

Respondent now admits, on page 10 of its brief, that it does not contend that either its federal registration or prior use of the mark abroad has given respondent any right as against the petitioner in Ohio. That is, of course, in accordance with the law. (*Coty, Inc. vs. Parfums De Grand Leux, Inc.*, 298 F. 865, *Richter vs. Reynolds*, 59 F. 577.) Nevertheless the District Court evidently did base its decision on either respondent's foreign trade or its federal registration or both. The District Court stated that the plaintiff had used the red horse in foreign trade in 1916, and that in 1911 it had registered it (R. p. 65). Then the Court recites that petitioner without any knowledge of respondent's

prior use had developed the use of such symbol in Ohio which gave the petitioner established rights in the limited territory which should be protected, but that protection should "be strictly limited so as not to interfere unduly with plaintiff's rights in its established trade-mark." (R. p. 66.)

How, we ask, had the plaintiff (respondent) established any rights in Ohio in its trade-mark? The only thing the court refers to is its foreign trade in 1916 and its registration in 1911. It seems evident, therefore, that the District Court believed that such foreign use and federal registration gave Socony established rights in the State of Ohio.

The Court of Appeals, on the other hand, pointed out, as if it were a factor in its conclusion in respondent's favor, that respondent had, after this infringement began, "expended large sums in advertising its product under the trade-mark of the flying red horse and it operated many oil stations using this trade emblem as identification of its products and the places where they were sold." (R. p. 271.)

Now, as has been said:

> "It is immaterial that the succeeding user's trade under the mark is the larger; greater sales do not confer a better right." (63 *C. J.* 340.)

A case in point is that of *Kahn vs. W. A. Gaines & Company* (161 F. 495) involving the words "Old Crow" as a trade-mark for whisky. The Court of Appeals of the 8th Circuit in reversing the lower court, which had decided in favor of complainant (the Gaines & Company), pointed out that the attorney for Gaines & Company argued that the use of the mark by the defendant before the complainant adopted it was so rare that it could be disregarded. The court said:

> "The right of the defendants to use in their trade the designative words 'Old Crow,' or 'Crow,' cannot be measured by the extent to which they employed it,

whether more or less frequent at times. It is sufficient to protect them from the charge of an unlawful invasion of the complainant's claimed monopoly that they used in connection with their business as whisky dealers the trade name in question prior to any appropriation thereof by the complainant, and that they have so continued to use it. Neither can their right to use it *ad libitum* be destroyed by the overshadowing comparative amount of the complainant's sales under the designation of 'Old Crow' whisky, nor by the asserted superiority of its product."

RESPONDENT'S OBJECTION THAT PETITIONER'S STATEMENT OF SUBJECT MATTER IS INACCURATE.

While this is a very minor matter, as the objections seem to be principally to petitioner's manner of stating the background of the controversy, we should perhaps make a short explanation.

Respondent objects that petitioner stated that respondent's answer to the counterclaim admitted the use by petitioner of the symbol of a flying horse as a trade-mark, whereas what they admitted was the use of a symbol of a flying horse "on packages in which certain of the products are sold, on pumps from which its gasoline is sold" (R. p. 10),—but that makes a trade-mark use of the flying horse.

Petitioner referred to the admission of the Ohio registration by petitioner of its flying horse trade-mark, and respondent says they admitted the registration but did not admit it was a trade-mark registration. That is technically correct, but the actual registration is in evidence (R. p. 97) and shows a picture of a flying horse and states "such design or trade-mark has been used on containers and on dispensing pumps in which oils and/or petroleum products are sold."

Respondent objects to the petitioner's statement that there was an admission in the answer to the counterclaim that there had been negotiations, conferences and correspondence between the parties concerning petitioner's claim

of infringement. Again, the objection may be technically correct, but the answer to the counterclaim did admit that there had been various letters and various conferences between the parties, and the record contains testimony by one of respondent's own witnesses that one of the conferences was to determine what would be a fair replacement value of the sales promotion and advertising signs "should Mr. Roski (president of petitioner) agree to discontinue using the flying red horse." (R. p. 90.)

Respondent objects to petitioner's use of the expression "partial cessation" at some of its stations. But respondent's own quotation by the Master (page 2) refers to the "practical" discontinuance for about a year and a half at "nearly if not quite all of defendant's stations," then numbering about twenty-two, and mentions that for about two years thereafter about twelve of defendant's stations were devoted to the sale of other company's products. This seems but another way of saying there was a partial cessation at some of petitioner's stations.

CONCLUSION.

The decision of the Court of Appeals announces a new interpretation of law concerning technical trade-marks, namely, that an infringer, after notice, acquires, by his very fraud in infringing, not only a right to continue the infringement but an exclusive right to use the purloined trade-mark in one color. The granting of this petition for writ of certiorari will give this Court the opportunity to put the stamp of disapproval on any such doctrine.

Respectfully submitted,

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